General Manager; K. G. Manning, Division Manager; L. M. Mattson, Office Manager; M. S. Benson, Assistant Office Manager."

Upon call from the President for consideration of unfinished or new business, no additional business was presented.

By motion duly carried the meeting adjourned.

Secretary

Plaintiff's Exhibit 396

4803 December 28, 1942

Oregon State Medical Society
Medical-Dental Building
Portland, Oregon

Gentlemen:

This is to inform you officially that the Marion-Polk County Medical Society has voted unanimously to ask you to enter the two counties respectively for the purpose of writing medical service contracts.

Very truly yours,

MARION-POLK COUNTY
MEDICAL SOCIETY

(Signed) S. LANCEFIELD
Dr. Stuart M. Lancefield,
Secretary

SML:MB
cc - Oregon Physicians' Service

Plaintiff's Exhibit 397

4804

TELEPHONE 150

JOSEPHINE COUNTY HEALTH UNIT
COURT HOUSE
GRANTS PASS, OREGON

SAMUEL B. OSGOOD, M. D.
COUNTY HEALTH OFFICER

RUTH GANIERE, R. N.
EDITH PHIPPS, R. N.
PUBLIC HEALTH NURSES

MARIE DEAN, SECRETARY

December 29, 1942

Mr. W. C. Marshall, General Manager
Oregon Physicians Service
337 Pittock Block
Portland, Oregon

Dear Sir:

This is to inform you that at a special meeting of the Josephine County Medical Society held December 28th, 1942 the Society passed by unanimous voice a resolution that the Oregon Physicians Service be invited to represent our Society in the state-wide industrial program.

We shall be glad to communicate with you further as to how this may best be carried out to the mutual advantage of all concerned.

Very truly yours,
JOSEPHINE COUNTY
MEDICAL SOCIETY
(Signed) S. B. OSGOOD, M.D.
Secretary

Plaintiff's Exhibit 398

4805

OREGON PHYSICIANS' SERVICE

Meeting of Board of Directors

Portland, Oregon, January 16, 1943

The meeting was held at 6:00 P.M. in the Mallory Hotel in Portland and was called to order by the President, D. R. Ross.

Directors present were J. P. Brennan, Thompson Coberth, and D. R. Ross.

Additional Class "A" stockholders and/or voting trustees were present as follows: Roderic Belknap, Henry Garnjobst and George E. Henton.

Richard B. Adams and J. E. Buckley, representing the Multnomah County Supervisory Committee of Oregon Physicians' Service, were present by request.

Administrative personnel also were present.

Due notice of meeting was presented and recorded.

Minutes of the Board of Directors meeting of December 19, 1942 were read and were approved as read with the addition of the word "Salem" on line fifteen of page eight thereof.

Prior action of the Class "A" stockholders and/or voting trustees meeting in authorizing an increase in capitalization of the corporation and in empowering the Board of Directors to take steps necessary in the consummation thereof was given full consideration.

A motion was duly carried unanimously as follows:

BE IT RESOLVED by the Board of Directors of the Oregon Physicians' Service that Class AA of the capital stock of this corporation be increased from 180 shares of the par value of $25.00 each to 1780 shares of the par value of $25.00 each and that Article V of the original articles of this corporation and Article V of the supplementary
4806 articles of incorporation of this corporation be, and said Article V hereby is, amended to read as follows:

"ARTICLE V.

Capital Stock

The authorized capital stock of this corporation shall consist of 110 shares of Class A. common stock of the par value of $50.00 each, and 1780 shares of Class AA common stock of the par value of $25.00 each.

The preference, rights, privileges and restrictions of each class of stock are as follows:

1. Class A. stock shall be the only voting stock of the corporation. Consent in any statutory or other proceeding requiring consent of stockholders shall be vested in and exercised exclusively by the holders of Class A stock. No dividends shall accrue or be paid to holders of Class A stock. In the event of liquidation, dissolution or sale of the assets of the corpora-

tion, Class A stockholders shall be entitled to receive the par value thereof, but no more.

2. Class AA stock shall have no voting rights, nor rights to receive notices of meetings of stockholders. No person shall be a holder of Class AA stock unless he is a member of the Oregon State Medical Society, or eligible for such membership. Class AA stock shall be subject to call and redemption as provided for in Article III, paragraph (1) of these Articles. In the event of liquidation, dissolution or sale of the assets of the corporation, holders of Class AA stock shall not be entitled to any distribution until after holders of Class A stock are paid the par value of their share. Class AA stock shall also be subject to the following restrictions:

(a) Any holder of Class AA stock, if desirous of selling or transferring all or any of his shares of stock, or the executor or administrator of any deceased holder of Class AA stock, if desirous of selling or transferring all or any part of such share belonging to the estate of such deceased, or the purchaser of any share or shares of stock held on execution or judicial sale, if desirous of selling or transferring all or any part of such shares belonging to the estate of such deceased, or the purchaser of any share or shares of stock sold on execution or judicial sale, if desirous of selling or transferring any such share or shares, or any person holding such stock by virtue of a pledge or any lien, before bringing any suit, action or proceeding or doing any act to foreclose his lien or pledge, shall first deliver to the President or Treasurer of the corporation written notice of such desire to sell or transfer or of intention to foreclose or enforce his lien or pledge, designating the number of such shares to be sold, transferred or foreclosed, as the case may
4807 be, and the number of the certificate or certificates thereof.

(b) The Board of Directors shall thereupon have the option for ninety (90) days after receipt by the corporation of said written notice, of purchasing such share or shares for the corporation by the payment of the same amount as would be paid upon redemption pursuant to Article III, subsection (i) of the Articles of Incorporation as amended. Payment for any such share or shares may be made by the Board of Direc-

tors by depositing such sum or sums to the credit of any such shareholder, executor, administrator, grantee, assignee, pledge, or lienor, as the case may be, in any national bank in the city of Portland, Oregon, within thirty (30) days from the date on which the Board has exercised its option to so purchase. If such deposit is made, the Board shall give notice of such deposit, by mailing to the last known address of such shareholder, executor, administrator, grantee, assignee, pledgee or lienor, as the case may be, and said bank shall turn over such money to the person entitled thereto upon the surrender of the certificate or certificates of such stock properly endorsed, plus the receipt in full by such person for all claims he may have against the corporation on account of said common stock or dividends, if any.

(c) Every holder of Class AA stock who shall cease to qualify as a stockholder under the By-Laws of this corporation shall immediately offer all shares of stock owned or held for sale to and purchase by the corporation as above set forth whenever requested by the Board of Directors so to do, and no dividends shall be paid or determined upon any such share or shares after failure to comply with such request.

(d) Said Board shall not be obligated to purchase any share or shares of stock at the value above set forth unless it shall think fit but if the Board shall not exercise in writing its option to purchase, or if the Board shall not deposit the said purchase price as aforesaid, or if the Board shall formally refuse to purchase such stock such shareholder, executor, administrator, grantee, assignee, pledgee or lienor shall be at liberty to sell such share or shares to any person whatsoever.

(e) It is the intent that all restriction hereby imposed upon the sale or transfer of shares of stock shall apply to the sale or transfer of all shares of such stock, whether by the original stockholders or otherwise, and whether acquired through the voluntary or involuntary act of a shareholder or by operation of law; failure of the Board to exercise its option or to deposit as aforesaid the money to purchase such shares, shall not prevent the Board from exercising its option and purchasing such shares on any subsequent transfer or sale of such shares."

RESOLVED FURTHER that the officials and directors of this association and the secretary thereof do certify to the appropriate State officials the increase in the capital stock of this corporation as herein provided and that the duly authorized officials of this corporation execute such
4808 further and other certificates, supplementary articles or other instruments necessary or proper to carry into effect the provision of this Resolution."

Upon call from the President for consideration of unfinished or new business, no additional business was presented.

By motion duly carried the meeting adjourned.

(Signed) L. M. SPALDING
Secretary

Plaintiff's Exhibit 399

4809 OREGON PHYSICIANS' SERVICE

Special Meeting of Class "A" Stockholders
and
Voting Trustees

Portland, Oregon, January 16, 1943

The meeting was held at 4:30 P.M. at the Mallory Hotel and was called to order by the President, D. R. Ross.

Stockholders and/or Voting Trustees present were as follows: J. P. Brennan, Thompson Coberth, George E. Henton, D. R. Ross and Henry Garnjobst and Roderic Belknap.

Proxies received from L. M. Spalding and George I. Hurley were duly presented and recorded.

Due notice of the special meeting of Class "A" Stockholders and/or Voting Trustees was presented and recorded.

Minutes of the annual meeting of Class "A" Stockholders and/or Voting Trustees of September 14, 1942 were read and were approved as read.

A communication from the Multnomah County Medical Society dated January 6, 1943 was read, including the following: "At its meeting on January 5, 1943 the Council of the Multnomah County Medical Society voted to increase the number of members of the Supervisory Committee from five to nine. The Council of the Multnomah County Medical Society requests the Board of Directors of Oregon Physicians' Service to approve this change. The

personnel of the enlarged Supervisory Committee is as follows: Dr. Richard B. Adams, Chairman, Dr. H. L. Blosser, Dr. Vernon J. Brown, Dr. Thomas M. Joyce, Dr. Paul T. Neely, Dr. Eugene W. Rockey, Dr. Raymond R. Staub, Dr. Joseph D. Sternberg, Dr. R. Lloyd Tegart." The original communication is attached to this Minute Book next hereto.

After discussion a motion was carried unanimously that the request of the Council of the Multnomah County Medical Society for an increase in the number of members of its Supervisory Committee from five to nine shall be approved.

Consideration was given to a communication from the Multnomah Medical Service Bureau, signed by B. A. Van Loan, Secretary, Board of Trustees, stating that the Stockholders of said Bureau have passed an attached Resolution to the effect that a merger of the Bureau with Oregon Physicians' Service is desired, to become initially effective as of January 1, 1943. Said communication also stated that the action of the Stockholders was ratified by the Board of Trustees of the Multnomah Medical Service Bureau on January 5, 1943.

The aforementioned communication and the attached Resolution are attached to this minute book next hereto.

A motion was duly carried unanimously to the effect that official approval shall be given to the merger of the Multnomah Medical Service Bureau with Oregon Physicians' Service in accordance with the provisions of the merger Resolution as stated and that the Board of Trustees and the Board of Directors of the Multnomah Medical Service Bureau shall be notified of this action.

Requests from the Douglas, Linn, Josephine, Marion-Polk and Yamhill County Medical Societies that Oregon Physicians' Service engage in operations in their respective districts were reviewed individually and were approved informally.

These requests shall be placed on file as authorization for Oregon Physicians' Service to conduct operations in the districts involved.

A medical and surgical fee schedule intended for use in most sections of the State was given full consideration and was explained in detail by Mr. R. E. Jackson, O.P.S. Claims Supervisor.

After discussion a motion was carried that this schedule shall be adopted for general use on a state-wide basis and that it should be recommended for local use through pos-

sible adoption by the various Division groups.
4811 A copy of said fee schedule is attached next hereto in this Minute Book.

The desirability of increasing the capitalization of Oregon Physicians' Service was explained thoroughly, particularly from the standpoint that it will be necessary to make available a much larger number of Class "AA" capital stock shares for future holding by a large number of cooperating physicians throughout the State.

After discussion, the following motion was duly carried unanimously.

BE IT RESOLVED by the stockholders of the Oregon Physicians' Service that Class AA of the capital stock of this corporation be increased from 180 shares of the par value of $25.00 each to 1780 shares of the par value of $25.00 each and that Article V of the original Articles of Incorporation of this corporation and Article V of the supplementary articles of incorporation of this corporation be, and said Article V hereby is, amended to read as follows:

"ARTICLE V.

Capital Stock

The authorized capital stock of this corporation shall consist of 110 shares of Class A common stock of the par value of $50.00 each, and 1780 shares of Class AA common stock of the par value of $25.00 each.

The preference, rights, privileges and restrictions of each class of stock are as follows:

1. Class A stock shall be the only voting stock of the corporation. Consent in any statutory or other proceeding requiring consent of stockholders shall be vested in and exercised exclusively by the holders of Class A stock. No dividends shall accrue or be paid the holders of Class A stock. In the event of liquidation, dissolution or sale of the assets of the corporation, Class A stockholders shall be entitled to receive the par value thereof, but no more.

2. Class AA stock shall have no voting rights, nor rights to receive notices of meetings of stockholders. No person shall be a holder of Class AA stock unless he is a member of the Oregon State Medical Society, or eligible for such membership. Class AA stock shall be subject to call and redemption as provided for
4812 in Article III, paragraph (i) of these Articles. In the event of liquidation, dissolution or sale of the

assets of the corporation, holders of Class AA stock shall not be entitled to any distribution until after holders of Class A stock are paid the par value of their share.

Class AA stock shall also be subject to the following restrictions:

(a) Any holder of Class AA stock, if desirous of selling or transferring all or any of his shares of stock, or the executor or administrator of any deceased holder of Class AA stock, if desirous of selling or transferring all or any part of such shares belonging to the estate of such deceased, or the purchaser of any share or shares of stock held on execution or judicial sale, if desirous of selling or transferring all or any part of such shares belonging to the estate of such deceased, or the purchaser of any share or shares of stock sold on execution or judicial sale, if desirous of selling or transferring any such share or shares, or any person holding such stock by virtue of a pledge or any lien, before bringing any suit, action or proceeding or doing any act to foreclose his lien or pledge, shall first deliver to the President or Treasurer of the corporation written notice of such desire to sell or transfer or of intention to foreclose or enforce his lien or pledge, designating the number of such shares to be sold, transferred or foreclosed, as the case may be, and the number of the certificate or certificates therefor.

(b) The Board of Directors shall thereupon have the option for ninety (90) days after receipt by the corporation of said written notice, of purchasing such share or shares for the corporation by the payment of the same amount as would be paid upon redemption pursuant to Article III, subsection (i) of the Articles of Incorporation as amended. Payment for any such share or shares may be made by the Board of Directors by depositing such sum or sums to the credit of any such shareholder, executor, administrator, grantee, assignee, pledgee or lienor, as the case may be, in any national bank in the city of Portland, Oregon, within thirty (30) days from the date on which the Board has exercised its option to so purchase. If such deposit is made, the Board shall give notice of such deposit, by mailing to the last known address of such shareholder, executor, administrator, grantee,

assignee, pledgee or lienor, as the case may be, and said bank shall turn over such money to the person entitled thereto upon the surrender of the certificate or certificates of such stock properly endorsed, plus the receipt in full by such person for all claims he may have against the corporation on account of said common stock or dividends, if any.

(c) Every holder of Class AA stock who shall cease to qualify as a stockholder under the By-Laws of this corporation shall immediately offer all shares of stock owned or held for sale to and purchase by the cor-
4813 poration as above set forth whenever requested by the Board of Directors so to do, and no dividends shall be paid or determined upon any such share or shares after failure to comply with such request.

(d) Said Board shall not be obligated to purchase any share or shares of stock at the value above set forth unless it shall think fit; but if the Board shall not exercise in writing its option to purchase, or if the Board shall not deposit the said purchase price as aforesaid, or if the Board shall formally refuse to purchase such stock, such shareholder, executor, administrator, grantee, assignee, pledgee or lienor shall be at liberty to sell such share or shares to any person whatsoever.

(e) It is the intent that all restrictions hereby imposed upon the sale or transfer of shares of stock shall apply to the sale or transfer of all shares of such stock, whether by the original stockholders or otherwise, and whether acquired through the voluntary or involuntary act of a shareholder or by operation of law; failure of the Board to exercise its option or to deposit as aforesaid the money to purchase such shares, shall not prevent the Board from exercising its option and purchasing such shares on any subsequent transfer or sale of such shares."

RESOLVED FURTHER that the officials and directors of this association and the Secretary thereof do certify to the appropriate State officials the increase in the capital stock of this corporation as herein provided and that the duly authorized officials of this corporation execute such further and other certificates, supplementary articles or other instruments necessary or proper to carry into effect the provisions of this Resolution.

Final execution of Class "A" common stock and voting trust certificates was consummated by all Class "A" stockholders and/or voting trustees present at the meeting.

After discussion a motion was duly carried that all Class "A" stockholders and/or voting trustees shall be notified in advance concerning the holding of all meetings of the Board of Directors, as well as stockholders meetings, and that each Class "A" stockholder and/or voting trustee will be reimbursed for time and expense involved in attending any Board meeting in accordance with the schedule of reimbursement previously established. It shall be understood, however, that no Class "A" stockholder and/or voting trustee will be required to attend Board meet-
4814 ings but that he shall have the privilege of attending and of presenting any desired information at any such meeting.

Upon call from the President for consideration of any unfinished business or new business, no additional business was presented.

Upon motion, duly carried the meeting was adjourned.

(Signed) L. M. SPALDING
Secretary

Plaintiff's Exhibit 400

4815 OREGON PHYSICIANS' SERVICE

(Emblem)

PORTLAND OFFICE: 337 PITTOCK BLOCK, ATWATER 6393
MEDFORD OFFICE: 222 MEDFORD CENTER BLDG., TELEPHONE 4044

HOME OFFICE: 190 S. LIBERTY STREET, SALEM, TELEPHONE 9187

SPONSORED BY THE OREGON STATE MEDICAL SOCIETY

OREGON'S APPROVED MEDICAL SERVICE PLAN

March 26, 1943

Dr. L. M. Spalding, Secretary
Oregon Physicians' Service
Astoria, Oregon

Dear Dr. Spalding

A proposed division agreement between the cooperating physicians of Salem, Oregon and Oregon Physicians' Service was approved on March 25, 1943 by order of said

cooperating physicians. Copies of said agreement are presented herewith for requested approval by the Board of Directors of Oregon Physicians' Service.

In accordance with the provisions of the division agreement, a supervisory committee has been elected as follows:

Dr. D. R. Ross, Chairman
Dr. L. O. Clement, Vice-Chairman
Dr. Burton A. Myers, Secretary
Dr. Wm. B. Mott, Treasurer
Dr. A. T. King
Dr. Hugh A. Dowd
Dr. J. H. Garnjobst

Very Sincerely Yours,

SALEM SUPERVISORY COMMITTEE
of
OREGON PHYSICIANS' SERVICE

(Signed) BURTON A. MYERS
Burton A. Myers
Secretary

BAM:MB

Plaintiff's Exhibit 401

4816 OREGON STATE MEDICAL SOCIETY

MEDICAL-DENTAL BUILDING
PORTLAND, OREGON

May 3, 1943

Dr. L. M. Spalding, Secretary
Oregon Physicians' Service
Astoria, Oregon

Dear Dr. Spalding:

This letter is to inform you that the Council of the Oregon State Medical Society, at its meeting on May 1, 1943, nominated C. I. Drummond of Medford to serve as a Trustee of the Oregon Physicians' Service in the place of E. R. Durno of Medford, during his absence in the military service.

Very sincerely yours,

OREGON STATE MEDICAL SOCIETY

(Signed) THOMAS D. ROBERTSON
Secretary

TDR:w

Plaintiff's Exhibit 402

4817 C
O
P
Y

W. H. FORTNER, M.D.
Eye, Ear, Nose and Throat
208 Crees Building
Corvallis, Oregon

October 8, 1943

Oregon State Medical Society
Portland, Oregon

Gentlemen:

In regular session today the Benton County Medical Society voted to petition the Oregon Physician Service to enter Benton County to secure contracts. The Physicians voted their expression of willingness to render service to employees covered by the O.P.S.

Very sincerely yours,

W. H. FORTNER, M.D. (signed)

Benton County Medical Society
W. H. Fortner, M.C., President

WHF/B

4818 DR. C. L. GILSTRAP
PHYSICIAN AND SURGEON
SOMMER BUILDING
LA GRANDE, OREGON

October 19, 1943

Oregon Physician Service
337 Pittock Block
Portland, Oregon

Gentlemen,

We wish to invite the Oregon Physician Service to write contracts for Medical Care in Union County particularly at the various saw mills.

We are not interested in F.S.A. contracts.

Sincerely yours,
(Signed) C. L. GILSTRAP, M.D.
C. L. Gilstrap, M.D.
Pres. Union Co. Medical Society

elg/t

4819

Box A
Pendleton, Ore.

October 14, 1943

Mr. Willard C. Marshall
c/o Oregon Physicians Service
337 Pittock Building
Portland, Oregon

Dear Sir:

At a meeting of the Umatilla County Medical Society last Tuesday, there was considerable discussion on the subject of the Oregon Physicians Service, and finally definite approval by the Society that this group participate in the state plan, and we desire further information and instruction from your office now as to method or procedure.

We appreciate the fact that it has been about a year since you came out to discuss this plan with us, and we have got to the position now where we are able to consider further action.

Yours very truly,
(Signed) T. M. BARBER
T. M. Barber, M.D.
Secretary-Treasurer

TMB:hw

4820 October 23, 1943

Dr. C. L. Gilstrap, President
Union County Medical Society
Sommer Building
La Grande, Oregon

Dear Dr. Gilstrap:

This will acknowledge receipt of your recent letter stating that the Union County Medical Society desires that

Oregon Physicians' Service enter your county for the purpose of offering contracts for medical care. Naturally we are very pleased to receive this authorization and to know that the physicians of Union County are desirous of cooperating in the state-wide efforts now being made by the organized medical profession of Oregon.

Oregon Physicians' Service accepts your invitation, and it will be our intention to commence operations at an early convenient date. However, inasmuch as our operations in any county always are conducted under the direct supervision of the local medical society or a supervisory committee of physicians named by the society, we would appreciate the opportunity of meeting at an early date with either the society or your officers for the purpose of clarifying all procedures in connection with the forthcoming operations. Your advice regarding a convenient date would be appreciated.

In reply to the last statement made in your recent letter, I wish to inform you that Oregon Physicians' Service never has made any general practice of writing 4821 Farm Security Administration contracts. However, in 1942 the Malheur County Medical Society made a definite proposal to the Oregon State Medical Society that some type of contract service be arranged for standard borrowers of F. S. A. located in Malheur County. The Oregon State Medical Society then instructed Oregon Physicians' Service to make arrangements on behalf of the Malheur County physicians. We did not seek this type of coverage and entered into contract arrangements only on the specific formal request of the Malheur Society. No effort has been made at any time to increase the scope of this coverage or to write F. S. A. contracts elsewhere.

Thank you for the expressed willingness of Union County physicians to cooperate with Oregon Physicians' Service. We hope to contact you in the near future and to commence operations.

Sincerely yours,

OREGON PHYSICIANS' SERVICE
General Manager

WCM:LR

Plaintiff's Exhibit 403

4822 Baker, Oregon, May 17, 1943.

May 17, 1943

Oregon Physicians' Service
337 Pittock Block
Portland, Oregon

Gentlemen:

We, the undersigned members of the Baker County Medical Society, request your organization to enter Baker County for the purpose of rendering group services to employees of industry, according to your obligations.

(Signed)

THOS. J. HIGGINS, Pres.
CARL G. PATTERSON
G. G. GORDON
DR. V. G. ISOM
G. A. WOODRUFF
C. J. (?)
C. D. HOUSER
A. H. BROWN
(?)

Plaintiff's Exhibit 404

4824 OREGON PHYSICIANS' SERVICE

Organization Meeting of Board of Directors

Portland, Oregon, October 2, 1943

The meeting was held at 5:00 P.M. at the Mallory Hotel and was called to order by the temporary Chairman, D. R. Ross.

Directors elected at the preceding meeting of the Class "A" stockholders and/or voting trustees were present as follows: Thompson Coberth, D. R. Ross and L. M. Spalding.

Additional Class "A" stockholders and/or voting trustees were present as follows: Clarence I. Drummond, J. D. Rankin, R. W. Stearns and George E. Henton, resigned. Also present were: Clyde C. Foley, Executive Secretary of the Oregon State Medical Society, and administrative personnel of Oregon Physicians' Service.

Due notice of meeting was presented and recorded.

Minutes of the Board of Directors meeting of April 24, 1943 were read and approved as read.

Nominations were opened for the office of President for the ensuing year. D. R. Ross was nominated and a motion was duly carried that nominations be closed and the secretary be instructed to cast a unanimous ballot for D. R. Ross as President for the ensuing year.

Nominations were opened for the office of Vice-President for the ensuing year. Thompson Coberth was nominated and a motion was duly carried that nominations be closed and the secretary be instructed to cast a unanimous ballot for Thompson Coberth as Vice-President for the ensuing year.

Nominations were opened for the office of Secretary for the ensuing year. L. M. Spalding was nominated and a motion was duly carried that nominations be closed
4825 and the secretary be instructed to cast a unanimous ballot for L. M. Spalding as secretary for the ensuing year.

Nominations were open for the office of treasurer for the ensuing year. George I. Hurley was nominated and a motion was carried that nominations be closed and the secretary be instructed to cast a unanimous ballot for George I. Hurley as treasurer for the ensuing year.

Nominations were opened for two positions on the Executive Committee for the ensuing year, it being noted that the By-Laws provide for automatic membership on the Executive Committee of the President, D. R. Ross. Thompson Coberth and L. M. Spalding were nominated individually in due form and a motion was carried that nominations be closed and the secretary be instructed to cast individually unanimous ballots for Thompson Coberth and L. M. Spalding as Executive Committee members for the ensuing year.

A formal request from the Baker County Medical Society was read to the effect that said Society desires that Oregon Physicians' Service conduct operations within the confines of said County. Upon motion duly carried the request was approved. This letter is affixed to the minute book next hereto.

A request from the Mid-Columbia Medical Society was read to the effect that said Society desires that O.P.S. conduct operations within the confines of the Counties involved. A motion was duly carried that this request shall

be approved. This letter is affixed to the minute book next hereto.

By motion duly carried the Comptroller of Oregon Physicians' Service, E. E. Rubey, was authorized to sign checks on the Portland office account.

After discussion it was agreed informally that the previously established policy of refraining from the payment of commissions to field representatives shall be con-
4826 firmed.

Unification of the Oregon Physicians' Service medical fee schedule and also of the listing of cooperating physicians was discussed. It was agreed informally that the management shall present a fee schedule for possible action at the next meeting of the Board of Directors. No definite action was taken with reference to the listing of physicians.

It was agreed informally that the Executive Committee of the Board of Directors shall hold a special meeting at the Portland office of Oregon Physicians' Service at 10:00 o'clock A.M. on Sunday, October 10, 1943.

Upon call from the President for consideration of unfinished or new business, no additional business was presented.

The meeting adjourned in due form.

(Signed) L. M. SPALDING
Secretary.

Plaintiff's Exhibit 405

4827 OREGON PHYSICIANS' SERVICE

Annual Meeting of Class "A"
Stockholders and/or Voting Trustees

Portland, Oregon, October 2, 1943

The meeting was held at 3:00 P. M. at the Mallory Hotel and was called to order by the President, D. R. Ross.

Stockholders and/or Voting Trustees present were as follows: Thompson Coberth, George E. Henton, L. M. Spalding, D. R. Ross, J. D. Rankin and R. W. Stearns.

Clarence I. Drummond also was present pending formal election as a Class "A" stockholder and/or voting trustee by proxy to serve during the absence of Edwin R. Durno.

Clyde C. Foley, Executive Secretary of the Oregon State Medical Society, and administrative personnel of Oregon Physicians' Service also were present.

Proxies received from Roderic Belknap, J. P. Brennan and George I. Hurley were duly presented and recorded.

Due notice of the annual meeting of Class "A" stockholders and/or voting trustees was presented and recorded.

Minutes of the special meeting of Class "A" stockholders and/or voting trustees of January 16, 1943 were read and were approved as read.

The annual report of the General Manager, Willard C. Marshall, was rendered and discussed informally. This report covered the progress of Oregon Physicians' Service during the first year of operating and the problems encountered.

The annual report of the Comptroller, E. E. Rubey, was rendered.

The annual statement as of June 30, 1943 was reviewed and ordered filed.

Mr. Rubey explained the various financial aspects of Oregon Physicians' Service operations.

4828 The annual report of the Claims Supervisor, Ralph E. Jackson, was rendered. This report covered the numerous problems involved in the control of claims and in the payment of cooperating physicians.

A letter from the Oregon State Medical Society dated May 3, 1943 was read to the effect that Clarence I. Drummond of Medford has been nominated by the Council of the Society to serve as a trustee of Oregon Physicians' Service in the place of Edwin R. Durno of Medford during his absence in the military service. This letter is attached to the minute book next hereto.

By motion carried unanimously Clarence I. Drummond was elected to serve as a trustee of Oregon Physicians' Service in the place of Edwin R. Durno during his absence in the military service.

Nominations were opened for the election of five members of the Board of Directors for the ensuing year. Individual nominations were duly made for Directors for the ensuing year of the following: D. R. Ross, Thompson Coberth, L. M. Spalding, George I. Hurley and Vernon J. Brown.

A motion was duly carried that nominations be closed and that the Secretary be instructed to cast individual unanimous ballots for the five named nominees, with election by unanimous vote resulting.

A letter from George E. Henton was read to the effect that he finds it necessary to resign immediately as a Class "A" stockholder and/or voting trustee of Oregon Phy-

sicians' Service. Upon motion duly carried the resignation of George E. Henton was accepted and the Secretary was instructed to inform Dr. Henton that his resignation is regretted sincerely. Appreciation for Dr. Henton's efforts in the past also was expressed informally. The letter of resignation is attached next hereto in this min-
4829 ute book.

After due consideration it was agreed informally that a plan for increasing the representation of the various component medical societies in Oregon. On either the roster of Class "A" stockholders and voting trustees or on a state-wide advisory committee shall be drawn and presented for possible action at some forthcoming meeting of the Class "A" stockholders and/or voting trustees.

The desirability of adopting a uniform medical fee schedule for use throughout the entire State was discussed thoroughly and a motion was carried that the management shall prepare such a schedule for possible action at the next meeting of the Board of Directors.

Upon call from the President for consideration of any unfinished business or new business, no additional business was presented.

Upon motion duly carried the meeting adjourned.

(Signed) L. M. SPALDING
Secretary

Plaintiff's Exhibit 406

4830 OREGON PHYSICIANS' SERVICE

Meeting of Executive Committee

Portland, Oregon, October 10, 1943

The meeting was held at 10:00 A.M. at the Portland office of Oregon Physicians' Service and was called to order by the President, D. R. Ross.

Executive Committee members present were as follows: D. R. Ross, Thompson Coberth and L. M. Spalding. Administrative personnel of Oregon Physicians' Service also were present. Due notice of meeting was presented and recorded.

A report of the Supervisory Committee of the Multnomah County Medical Society was read and ordered filed. A motion was carried that all recommendations stated in said report shall be approved. This report is attached to the minute book next hereto.

A report of the Council of the Multnomah County Medical Society dated June 12, 1943 was read and ordered filed. A motion was carried that the recommendations stated in said report shall be approved. This report is attached to the minute book next hereto.

Several subjects were considered as follows: Determination of Policy on Listing of Cooperating Physicians; Determination of Basic Fee Schedule Policy; Desirability of Employing a Part-time Medical Advisor; Consideration of a Method for Providing Adequate Representation on Oregon Physicians' Service Governing Body for all Cooperating Medical Societies in Oregon. After discussion it was agreed informally that these subjects shall be brought for consideration to a proposed forthcoming joint meeting of the Council of the Oregon State Medical Society, the Council of the Multnomah County Medical Society, the Special Committee of the Oregon State Medical Society for Consideration of Medical Contract Practice and the
4831 Board of Directors of Oregon Physicians' Service.

Clyde Foley and W. C. Marshall were requested to prepare a tentative meeting agenda for subsequent approval and to arrange for all details of the forthcoming meeting.

After discussion a motion was carried that the management of Oregon Physicians' Service shall employ a part-time medical advisor on a basis consistent with the current need for medical advice.

Reports on miscellaneous subjects were received and discussed informally.

Upon call for consideration of unfinished or new business, no additional business was presented. The meeting adjourned in due form.

(Signed) L. M. SPALDING
Secretary

Plaintiff's Exhibit 407

4832 October 25, 1943

Dr. Ernest C. Miller,
Medical Arts Building,
Portland, Oregon.

Dear Dr. Miller:

I understand you called the office today inquiring as to the procedure necessary in order for you to become a member of the staff of Oregon Physicians' Service.

In reply will state that the procedure you should follow should be to make application for membership to the County Medical Society and as soon as that is passed on, we can then advise definitely as to your eligibility for membership in Oregon Physicians' Service.

Very truly yours,

OREGON PHYSICIANS' SERVICE

Division Manager

Plaintiff's Exhibit 408

4833

ROBERT L. BENSON, M.D.
FRANK PERLMAN, M. D.
ROY R. MATTERI, M. D.

PHYSICIANS
406 MEDICAL-DENTAL BLDG.

PORTLAND 5, OREGON

Feb. 7, 1944

Mr. R. E. Jackson, Division Manager
Oregon Physicians' Service
337 Pittock Block
Portland 5, Oregon

Dear Mr. Jackson:

For some time I have been endeavoring to arrive at an equable understanding which would make it possible to balance my ledger on the work referred by you, and, at the same time, be fair from the standpoint of your limited budget. This has been very difficult. Your letter of February 3rd, however, makes it easy to reach a decision. You state that your committee "feels that after expensive diagnostic procedures, the injections should be held to the scheduled allowance of $1.50 each". In my office there is no such item charged for as an injection. Each patient has an opportunity to confer with a physician whenever he likes, and discuss his progress. We call them visits, and statistics in our office have shown that each patient who enters the office carries with him an implied overhead of about $1.70 for each visit. Our figures also show that, with our expensive setup, nearly one-half of our gross income goes into overhead and maintenance. From such data it is obvious that this office would be losing financially on the

medical work referred through the Oregon Physicians' Service.

I realize fully that the prevailing restrictions in your fee schedule result from the inadequacy of your budget, and I am not in any sense complaining of your construction as to methods of payment. I am also familiar with the fact that allergy is not generally considered as a good insurance risk and does not therefore receive corresponding financial remuneration from insuring concerns.

For the reasons stated above I find it impossible to continue under the present plan. I therefore resign herewith my membership in the Oregon Physicians' Service.

Very truly yours,

(Signed) ROBERT L. BENSON

RLB:RW

Plaintiff's Exhibit 409

4834 OREGON PHYSICIANS' SERVICE

MEETING OF EXECUTIVE COMMITTEE

Portland, Oregon, March 4, 1944

The meeting was held at 2:00 P.M. at the Portland office of Oregon Physicians' Service and was called to order by the President, D. R. Ross.

Executive Committee members present were as follows: D. R. Ross, Thompson Coberth, and L. M. Spalding. Administrative personnel of Oregon Physicians' Service also were present. Due notice of meeting was waived by motion duly carried.

By motion duly carried the reading of the minutes of the previous meeting were dispensed with and it was ordered that all minutes shall be considered at the next regular meeting.

Letters of resignation effective March 1, 1944 from R. E. Jackson were read and ordered filed. Statements were made by all Executive Committee members to the effect that Mr. Jackson has been a very efficient and valuable employee and that his resignation is regretted very much. A motion was duly carried that action concerning this resignation be placed in the hands of the management.

The current medical contract situation at Toledo, Oregon was reviewed fully. A motion was duly carried that the activities of the management in connection with the C.

D. Johnson Lumber Company contract shall be approved and that the management shall carry on with negotiations regarding this account along the lines currently being utilized.

The Vanport Hospital situation was reviewed informally. No definite action was taken and the matter was laid on the table until the next meeting of the Board of Directors.

4835 Financial statements as of December 31, 1943 were reviewed and ordered filed. These statements were approved by motion duly carried.

An informal suggestion was made that meetings of the Board of Directors and/or Executive Committee shall be held whenever possible several hours in advance of he regularly scheduled Council meetings of the Oregon State Medical Society.

It was agreed informally that W. C. Marshall shall accompany Thompson Coberth on his forthcoming trips to various sections of the State.

Copies of all papers referred to herein will be found attached to this Minute Book next hereto.

No further business was presented and the meeting adjourned in due form.

(Signed) L. M. SPALDING
Secretary

Plaintiff's Exhibit 410

4836 F. M. HELLWARTH
H. R. KAUFFMAN
O. N. CALLENDER

DRS. HELLWARTH & KAUFFMAN
PHYSICIANS AND SURGEONS
TOLEDO, OREGON

The firm of Hellwarth & Kauffman have had a contract with the C. D. Johnson Lumber Corporation, formerly the Pacific Spruce Corporation, for about seventeen years. Before taking over this contract it was held by the National Hospital Association. Our firm leases and operates the Lincoln Hospital. Besides a sizable investment in stock, we have around twenty thousand dollars invested in equipment.

Mr. Marshall and another representative of O.P.S. met with the Lincoln County Medical Society at Newport sev-

eral years ago and it was agreed that we would work for and with O.P.S. in obtaining Lincoln County contracts. It was agreed that the contract held by Hellwarth & Kauffman was not to be considered until they relinquished it. Different members suggested firms to contact, among them the Creamery Package Mfg. Co. of Toledo employing about two hundred people, the second largest establishment in Lincoln County at that time. Our firm had been asked to take this contract and I had told them we were not taking on another contract. This information was stated at that meeting and Mr. Marshall was told it was a real ripe prospect. But O.P.S. made no effort to get the contract and a year later the Industrial Hospital Association of Portland took it on. When I saw Mr. Marshall later and told him what had happened he said, "We have been so busy we just neglected it".

Our contract for years was not very profitable, due to the fact that the Industrial Hospital Association always underbid us, when a contract was renewed, and held the fees down. I accordingly wanted to relinquish the contract but my partner would not agree.

4837 When our last contract was up for renewal, over two years ago, the management told me that they had a lower bid, but did not say by whom. I accordingly went to the Industrial Office and confronted Mr. Kirk and Dr. Moores, they admitted it and they agreed to with-draw their bid.

Since the war so many of the old employees have left, the Union set up changed, due to the Wagner Act, and a great influx of new labor and the growing aggressiveness of the Unions, there has been a great deal of agitation for a full coverage contract.

The Industrial Hospital Association sent their men here to meet with the Union.

Later O.P.S. came in and have camped at nearly every Union meeting for the past year.

The management tiring of the continual agitation asked us to submit a new contract. This we did and it was returned to us by the personnel man on the plant with two paragraphs added, at the suggestion of the Union, in spite of the fact that Union Lawyers had put their O.K. on it as the best Medical Contract they had seen. These two paragraphs were the ones I objected to in the O.P.S. Contract—namely Free examination of the eyes and yearly physical examination. My objections are these: We are fifty miles from the nearest Oculist and the men would be

going to a grafting Optometrist in a neighboring town and would deplete the fund due the Doctor. Mr. Marshall assured me they would pay only an Oculist, but I contended that they do not pay Chiropractors, yet in 1943 O.P.S., with just a few Contracts in the County, did pay a Chiropractor more than our firm received that year from O.P.S.

The yearly physical examination — Doctors in these times are too busy in our town to do those examina-
4838 tions, and that they would be done in outside towns, drawing the funds from the Doctors that are doing the necessary work.

Doctor Hellwarth agreed with me and we accordingly served notice on the Company that we were relinquishing the Contract January 1, 1944.

When I objected to these clauses in your Contract Mr. Marshall said they didn't amount to anything and were only selling points. He promised to come over to see me, this was late November, as I recall, since that time I have not seen him. When I have called his office all I could get was "Mr. Marshall is out of the State."

O.P.S. agents last came near me early in December, they were on their way to a Union Committee meeting. I told them if they wanted the Contract to go to Portland and sell it to Mr. Johnson, the Company President, that they were over sold to the Union then. I told them Mr. Johnson had taken it out of the hands of the local personnel man.

Sometime in March Mr. Ralph Jackson called me by phone and said the Union Representatives were in town and wanted the Contract written to them. I told him that whoever wrote the Contract should write it with the Company along with the Industrial Contract. He said the O.P.S. agents had been given the run around by the management. This I said was due to the fact that the Portland office was over loaded with new Government Contracts that Mr. Johnson was here a great deal of the time.

Mr. Manning called me on the phone late in March and asked me to put in a word for them with the management. I replied that was not going to interfere in anyway; that the O.P.S. agents had not taken any of my advice
4839 or wishes into consideration and I could not be bothered.

O.P.S. rejection slips were first circulated while we still held the Contract dated for March 1st, 1944. Later after the National Hospital Association was awarded the Industrial Contract their name was used. Hundreds of rejection slips were mimeographed at the Salem office of O.P.S.

and distributed through the local A. F. of L. office in Toledo reading as follows:

REJECTION FOR MEDICAL CONTRACT

I hereby exercise my right under Oregon Law #344 and request that my name not be included as a subscribing member to National Hospital Association and will not expect to receive any benefits after this date.

..... 1944. .....

Date Signed

The Union member Solicitors told the workers that the local Doctors were in favor of O.P.S. and showed the list of Oregon Doctors to prove it. Some Solicitors told the workers that if they did not sign these slips that they would not be protected after March 1st. These solicitations were made on mill property during working hours. Many of our friends signed these rejection slips with the impression that we were sponsoring O.P.S.

The morning of March 1st O.P.S. opened a First Aid Station in the local Union Office, despite the fact that they did not have the Industrial Contract. At the dedication ceremonies that night, I am told before the Union Committee and other Union members, the O.P.S. "Master of Ceremonies" announced that "this is a good will
4840 gesture where there will be a Registered Nurse on duty to minister to your ills and do minor work removing splinters etc. And while we do not write a family Contract we will be glad to serve the members of your families here at any time, now at any time you are not satisfied with your care at the Hospital here, all you need to do is call an ambulance and be transferred to any Hospital in the State of Oregon", and more in a like strain. Also told the boys "if the local Doctors say anything critical of O.P.S. just phone me collect and I'll buy you a good cigar for the information". At the close of the meeting they drove to Salem and returned the next day.

The nurse in charge is prescribing and dispensing medicine, is referring patients to outside Physicians. They promise to occupy larger quarters with their First Aid Station, as soon as the space is available and put in a much more elaborate set up.

As Doctor Hellwarth has been ill and did not want to be annoyed with the details, he asked me to carry on these negotiations, while he knows the story and agrees with

my procedures; I want you to know that I am personally responsible for the attitude of our firm.

I did attend several meetings last fall of the Union Committee with O.P.S. agents, the Company personnel man, mill Assistant General Mgr., and at that time was favorable to O.P.S. At each meeting, the O.P.S. representative told how the National Hospital Association bought their Contracts. I want you to believe that I have not profited in any way at their hands. I have however received courteous treatment, something that has been lacking with O.P.S.

4841 I have communicated by phone with Dr. Henton, Dr. Coberth, Ralph Jackson and Mr. Manning. Dr. Garnjobst called on me at my home March 19th. But I have not been contacted by any other O.P.S. representative for more that two months and have not seen Mr. Marshall for over six months.

O.P.S. agents have been in frequent conference with other Doctors in the County but not with any members of our organization.

MILL EMPLOYEES JOIN NEW SERVICE

Medical Group Formed Under Physicians' Service

Formation of a medical beneficial group under Oregon Physicians' Service including 630 employees at the C. D. Johnson sawmill here was announced yesterday by officials of the new organization.

Slated to care for sickness and injuries of both men and women employees off the job, the new service allows patients to choose any physician or hospital and a first aid station is being set up in the Ross theater building, it was disclosed. Local physicians being to the Oregon Physicians' Service, it was pointed out.

The group will be headed by Louie Drake as chairman of the newly formed medical committee which will include F. M. Watkins, Ralph McClain, Lee Ridenour, Delbert Goodman, Mrs. Marie Melton and Fred Quick.

Operated independent of the union, the organization is composed of employees who declined to accept other off-the-job medical plans, it was stated.

Florence Wolfe of Salem, staff nurse for O.P.S., is installing a temporary first aid station in the theater building this week which will be moved into permanent quarters in the same building later this month.

Nurse Named for New First Aid Station

Toledo's new chapter of Oregon Physicians' Service, now operating a first aid station in the Ross theater building for members from the C. D. Johnson mill, yesterday announced the appointment of Mrs. Lura Willis as permanent nurse.

Mrs. Willis, nurse for a similar chapter at Albany Plylock for several years, will have charge of the first aid station scheduled soon to move into larger, permanent headquarters, it was announced by O.P.S. officials. Nearly 600 local sawmill men and women now belong to the setup.

4842 CONCLUSIONS

I believe O.P.S. agents were not interested in any Lincoln County Contract except the C. D. Johnson Lumber Corporation operations.

That O.P.S. agents did not co-operate with the Physicians who were doing the major portion of the work and had the largest investment.

That O.P.S. agents did abet and intensify disrespect for the local Profession among the workers.

That the money spent for the First Aid Station could well be spent with the Physicians in paying them a full fee.

A Registered Nurse could serve in the Army, Navy or one of our many understaffed Oregon Hospitals.

As I see it the O.P.S. set up in our district at present is run by and exploited by unscrupulous laymen to the professional and financial detriment of the Medical Profession.

My Request:

That O.P.S. immediately close up their First Aid Station at Toledo, cancel their Contract and take on no new Contracts in Lincoln County until their business management and affairs can have proper professional supervision and be operated for the benefit of the Medical professional.

Plaintiff's Exhibit 411

4843 OREGON PHYSICIANS' SERVICE

Meeting of Board of Directors

Portland, Oregon, April 1, 1944

The meeting was held at 2:30 P.M. at the Portland office of Oregon Physicians' Service, 471 Pittock Block, and was called to order by the President, D. R. Ross. Directors present were as follows: D. R. Ross, Thompson Coberth and L. M. Spalding. Other Class A stockholders and/or voting trustees were present as follows: J. P. Brennan and J. D. Rankin. Members of the State Advisory Board present were George W. Bohl, representing Linn County, and H. R. Kauffman, representing Lincoln County. Administrative personnel of Oregon Physicians' Service also were present.

Due notice of meeting was presented and recorded. Minutes of the Board of Directors meeting of October 2, 1943 and of the Executive Committee Meetings of October 10, 1943 and March 4, 1944 were read and individually approved as read.

The financial statement of March 31, 1944 was read, approved by motion carried and ordered filed. Informal discussion ensued with reference to the operating statement for the calendar year 1943.

Development of the State Advisory Board was reviewed and it was pointed out that eight local medical societies have not as yet appointed members to this Board.

The management reported that operation of the first aid units at Oregon Shipbuilding Corporation and at Kaiser Company, Inc. (Swan Island) had been changed over to the Kaiser Company payroll effective March 19, 1944. It also was stated that operation of the Swan Island barracks infirmary was limited commencing March 1, 1944 and that additional changes in this infirmary operation are expected shortly.

4844 By motion duly carried E. E. Rubey, Portland Division Manager, was authorized to execute contracts on behalf of the Corporation.

The management reviewed in detail proposed changes in the supervisory direction structure of Oregon Physicians' Service. It was pointed out that a Commission form of committee assignments could be constituted as an integral part of the Board of Directors, with each board member to act as the chairman of a committee, as follows;

(1) Professional relations and Multnomah County liaison Committee; (2) Public relations committee; (3) Legal phases committee; (4) Subscriber relations committee; (5) Employer relations committee. It was suggested that each committee should be comprised of from one to three members and that wherever possible each committee should include one member from Multnomah county.

It also was pointed out that the Commission form of committee assignments under the board of directors could be accomplished successfully only if division agreements should be altered or terminated.

After discussion a motion was carried that the commission form of committee assignments as an integral part of the Board of Directors, with assignment of five major committees each to be headed by one member of the Board of Directors, shall be placed in effect at the earliest practicable time and that it shall be recommended to the Multnomah County Medical Society that the Division Agreement currently in effect between the Multnomah County Medical Society and Oregon Physicians' Service shall be terminated by mutual agreement and that the aforementioned commission form of liaison committees shall be substituted therefore. It was agreed informally that the drafting of a plan for setting up committees and for assignment of board members to chairmanships thereof shall be placed in the hands of the President and General Manager, with final action to be taken at the next meeting of the Board of Directors. It also was agreed informal-
4845 ly that the suggested revision shall be brought to the attention of the Council of the Multnomah County Medical Society at its next meeting for action.

Dr. H. R. Kauffman, advisory board member from Lincoln County, reviewed the current situation existing in that county. Informal discussion ensued concerning this matter.

Upon call from the president for consideration of unfinished or new business, no additional business was presented.

The meeting adjourned in due form.

(Signed) L. M. SPALDING
Secretary

Plaintiff's Exhibit 412

4846 OREGON STATE MEDICAL SOCIETY

MEDICAL DENTAL BUILDING
PORTLAND, OREGON

April 6, 1944

Dr. L. M. Spalding, Secretary
Oregon Physicians' Service
Astoria, Oregon

Dear Dr. Spalding:

This letter is to inform you that the Council of the Oregon State Medical Society, at its meeting on April 1, 1944, voted to nominate Dr. Gordon B. Leitch of Portland as a Class "A" stockholder of the Oregon Physicians' Service in the place of Dr. Vernon J. Brown of Portland, who has resigned.

Very sincerely yours,

OREGON STATE MEDICAL SOCIETY

By (Signed) THOMAS D. ROBERTSON M D
Secretary

TDR:w

Plaintiff's Exhibit 413

4847 Annual Meeting of Class A Stockholders
and/or
Voting Trustees

Portland, Oregon, May 6, 1944

The meeting was held at 2:30 P.M. at the Portland office of Oregon Physicians' Service, 471 Pittock Block, and was called to order by the President, D. R. Ross.

Class A Stockholders and/or Voting Trustees present were as follows: D. R. Ross, Thompson Coberth, L. M. Spalding and Henry Garnjobst. Gordon B. Lietch was present pending formal election as a Class A Stockholder and/or Voting Trustee.

R. Lloyd Tegart and Harold L. Blosser were present as representatives of the Multnomah County Supervisory Committee of Oregon Physicians' Service. Administrative personnel of Oregon Physicians' Service also were present.

Proxies received from Roderic Belknap, J. P. Brennan,

C. I. Drummond, George I. Hurley and J. D. Rankin were duly presented and recorded.

Due Notice of the annual meeting of Class A Stockholders and/or Voting Trustees was presented and recorded.

Minutes of the annual meeting of Class A Stockholders and/or Voting Trustees of October 2, 1943 were read and were approved as read.

A letter from Vernon J. Brown was read to the effect that he finds it necessary to resign immediately as a Class A Stockholder and/or Voting Trustee of Oregon Physicians' Service due to illness. Upon motion duly carried the resignation of Vernon J. Brown was accepted and the secretary was instructed to inform Dr. Brown that his resignation is regretted sincerely. Appreciation for Dr. Brown's efforts in the past also was expressed informally. The letter of resignation is attached next hereto in this minute book.

4848 A letter from the Oregon State Medical Society dated April 6, 1944 was read to the effect that Gordon B. Leitch of Portland has been nominated by the Council of the Society to serve as a Trustee of Oregon Physicians' Service in the place of Vernon J. Brown of Portland, resigned. This letter is attached to the minute book next hereto.

By motion carried unanimously Gordon B. Leitch was elected to serve as a Trustee of Oregon Physicians' Service in the place of Vernon J. Brown.

Nominations were opened for the election of one member of the Board of Directors to complete the unexpired term of Vernon J. Brown, resigned. Gordon B. Leitch was nominated by Thompson Coberth. A motion was made by L. M. Spalding, seconded by Henry Garnjobst and unanimously carried to the effect that nominations be closed and that the secretary be instructed to cast a unanimous ballot for the election of Gordon B. Leitch as a member of the Board of Directors to complete the unexpired term of Vernon J. Brown, resigned.

Upon call from the President for consideration of any unfinished business or new business, no additional business was presented.

Upon motion duly carried the meeting adjourned.

(Signed) L. M. SPALDING
Secretary

Plaintiff's Exhibit 414

4849 OREGON PHYSICIANS' SERVICE

Meeting of Board of Directors

Portland, Oregon, May 6, 1944

The meeting was held at 3:00 P.M. at the Portland office of Oregon Physicians' Service, 471 Pittock Block, and was called to order by the President, D. R. Ross.

Directors present were as follows: D. R. Ross, Thompson Coberth, L. M. Spalding and Gordon B. Leitch. Henry Garnjobst, Class A Stockholder and/or Voting Trustees, was present. R. Lloyd Tegart and Harold L. Blosser, representing the Multnomah County Supervisory Committee of Oregon Physicians' Service, were present. Administration personnel of Oregon Physicians' Service also were present.

Due notice of meeting was presented and recorded.

Minutes of the Board of Directors meeting of April 1, 1944 were read and approved as read.

Communications from the Multnomah County Supervisory Committee of Oregon Physicians' Service, dated April 7, 1944 and May 3, 1944 were reviewed and subjected to discussion. Current recommendations of the Multnomah County Supervisory Committee were explained in detail by R. Lloyd Tegart and Harold L. Blosser. After discussion a motion was duly carried unanimously that the recommendations of the Multnomah County Supervisory Committee shall be placed in effect such that the currently existing contract between Oregon Physicians' Service and the Federal Public Housing Authority for the operation of the Vanport City Hospital shall be duly terminated effective on June 30, 1944. It was stated by R. Lloyd Tegart on behalf of the Multnomah County Supervisory Committee that a discussion will be held shortly by a duly appointed committee with representatives of the Kaiser Company, Inc. regarding possible contract or service changes or revisions which may become advis-
4850 able in connection with the rendering of coverage for subscribing employes of Oregon Shipbuilding Corporation and Kaiser Company, Inc. Swan Island Shipyard. The holding of such a discussion was approved informally.

A report was presented by the President and General Manager concerning a suggested list of sub-committees of the Board of Directors. This list was submitted in accordance with action taken by the Board of Directors at

the last meeting. After discussion a motion was carried unanimously that standing sub-committees of the Board of Directors shall be constituted as follows:

1. Professional Relations Committee—

   Gordon B. Leitch, Chairman (Portland)
   J. V. Straumfjord (Astoria)
   R. Lloyd Tegart (Portland)

2. Public Relations Committee

   Thompson Coberth, Chairman (The Dalles)
   A. H. McLean (Oregon City)
   John Besson (Portland)

3. Legal Relations Committee

   D. R. Ross, Chairman (Salem)
   C. W. McCain (Hood River)
   E. E. Gambee (Portland)

4. Subscriber Relations Committee

   L. M. Spalding, Chairman (Astoria)
   Verne L. Adams (Myrtle Creek)
   Harry B. Moore (Portland)

5. Employer Relations Committee

   George I. Hurley, Chairman (Eugene)
   Charles E. Sears (Portland)
   J. H. Garnjobst (Salem)

It was understood informally that all parties shown on the above-stated list shall be contacted with reference to serving on the Committees as listed. In the event that any stated party may be unable to serve, then it will be understood that alternative names may be substituted in some instances.

The subject of paying commissions and/or bonuses to one or more employes of Oregon Physicians' Service was discussed. A motion was carried unanimously that the previous actions of the Board of Directors shall be
4851 reaffirmed to the effect that no commissions and/or bonuses shall be paid to employes of the corporation.

It was informally agreed that any revisions in compensation of employes shall at all times take the form of salary readjustments.

It was stated that one or more cooperating physicians have requested that financial statements be forwarded regu-

larly to all staff physicians. After discussion a motion was carried that condensed financial statements shall be forwarded to cooperating physicians upon request but that individual listings of remunerations paid to cooperating physicians shall not be publicized at any time. Any qualified member of Oregon Physicians' Service shall have proper access to the corporation's financial records at any reasonable time.

After discussion it was agreed informally that all cooperating physicians must acquire and maintain proper standings in their appropriate county medical societies and that the management shall inform any physician concerning this regulation whenever same may be appropriate.

A motion was made by L. M. Spalding, seconded by Thompson Coberth and unanimously carried to the effect that the management, in cooperation with the proper standing sub-committees of the Board of Directors, shall conduct a study concerning suggested revisions of currently written Oregon Physicians' Service contracts, in demnity policies which might be offered in lieu of the present type of contract and the desirability of organizing an operating structure under the laws governing cooperatives. This study together with any recommendations developed shall be brought to the attention of the Board of Directors for consideration at some appropriate future date.

A motion was made by Gordon B. Leitch, seconded by Thompson Cobert and unanimously carried to the
4852 effect that the management and appropriate sub-committees of the Board of Directors shall investigate the desirability and probability of establishing a "Doctors' Hospital" in the Portland metropolitan area at some future date. This study and any possible recommendations shall be brought to the attention of the Board of Directors for consideration at some appropriate future meeting.

Upon call from the President for consideration of unfinished or new business, no additional business was presented. The meeting adjourned in due form upon motion duly carried.

(Signed) L. M. SPALDING
Secretary

Plaintiff's Exhibit 415

4853 OREGON PHYSICIANS' SERVICE

Meeting of Board of Directors

Portland, Oregon, July 15, 1944

The meeting was held at 3:00 P.M. at the Portland office of Oregon Physicians' Service, 471 Pittock Block, and was called to order by the President, D. R. Ross.

Directors present were as follows: D. R. Ross, Thompson Coberth, L. M. Spalding and Gordon B. Leitch. J. P. Brennan, Class "A" stockholder and/or voting trustee, was present. Administrative personnel of Oregon Physicians' Service also were present.

Due notice of meeting was presented and recorded.

Minutes of the Board of Directors meeting of May 6, 1944 were read and were approved as read.

A report was rendered by the management concerning the termination of the Oregon Physicians' Service agreement for operation of the Vanport City Hospital effective June 30, 1944.

E. E. Rubey outlined the formation and operation of the new non-profit corporation which has taken over the operation of the Vanport City Hospital effective on July 1, 1944. It was agreed informally that a full report concerning this subject shall be included in the annual report to be given at the next annual meeting of Class "A" stockholders and/or voting trustees.

A letter from the Portland Council of Hospitals dated June 15, 1944 was read to the effect that the minimum ward rate of Portland hospitals has been raised to $6.00 per diem effective on and after July 1, 1944. This matter was discussed at some length and a motion was duly
4854 carried to the effect that the matter shall be laid on the table pending further developments. It was agreed informally that a reply to the letter from the Portland Council of Hospitals shall be made simply to the effect that the communication has been received and filed for further study.

After discussion it was agreed that the annual meeting of O.P.S. Class "A" stockholders and/or voting trustees shall be held on Friday afternoon, September 1, 1944. Members of the Advisory Committee shall be invited to this meeting.

It was also agreed informally that an open dinner meeting shall be held on this same date following the annual

meeting and that all O.P.S. Class "AA" stockholders shall be invited to attend this meeting. The programs of both meetings shall be arranged by the management after receiving consultation and instructions from members of the Board of Directors.

A suggestion from the Multnomah County Supervisory Committee to the effect that disciplinary fines should be invoked in some cases was considered. After discussion it was agreed informally that the invoking of such fines or the faking of any other similar actions shall be placed in the hands of County Supervisory Committees.

W. C. Marshall reviewed the O.P.S. personnel policies currently being followed especially with respect to the screening procedure whereby the personnel group probably will become smaller but of a higher average of efficiency. Upon motion made by J. P. Brennan and seconded by Thompson Coberth the current personnel policy as outlined by the management was approved by motion duly carried.

Upon call from the President for consideration of unfinished or new business, no additional business was presented.

The meeting adjourned in form upon motion duly carried.

(Signed) L. M. SPALDING
Secretary

Plaintiff's Exhibit 416

4855 Annual Meeting of Class A Stockholders
and/or
Voting Trustees

Portland, Oregon, September 1, 1944

The meeting was held at 2:30 P.M. at the Benson Hotel and was called to order by the President, D. R. Ross.

Class A Stockholders and/or Voting Trustees present were as follows: Thompson Coberth, Gordon B. Leitch, L. M. Spalding, D. R. Ross, Henry Garnjobst, George I. Hurley, J. D. Rankin, Clarence I. Drummond and J. P. Brennan.

H. R. Kauffman, Advisory Committee member from Lincoln County was present. Administrative personnel of Oregon Physicians' Service also were present.

Proxies received from Roderic Belknap and Ralph W. Stearns were duly presented and recorded.

Due Notice of the annual meeting of Class A Stockholders and/or Voting Trustees was presented and recorded.

Minutes of the Special Meeting of Class A Stockholders and/or Voting Trustees of May 6, 1944 were read and approved as read.

The annual report of the management included statements from Willard C. Marshall, E. E. Rubey, Kenneth G. Manning and Joseph E. Harvey, Jr.

Progress of Oregon Physicians' Service during the past year was outlined. The condensed statement of financial condition as of June 30, 1944 was reviewed, approved by motion duly carried and ordered filed.

Nominations were opened for the election of five members of the Board of Directors for the ensuing
4855-A year.

Individual motions were duly made for Directors for the ensuing year of the following: D. R. Ross, Thompson Coberth, L. M. Spalding, George I. Hurley and Gordon B. Leitch. A motion was duly carried that nominations be closed and that the Secretary be instructed to cast individual unanimous ballots for the five above-named nominees with election by unanimous vote resulting.

Upon call from the chairman for consideration of any unfinished business or new business, no additional business was presented.

Upon motion duly carried the meeting adjourned.

(Signed) D. R. Ross
Secretary

Plaintiff's Exhibit 417

4856 OREGON PHYSICIANS' SERVICE

Meeting of Board of Directors

Portland, Oregon, September 1, 1944

The meeting was held at 3:30 P.M. at the Benson Hotel and was called to order by the temporary Chairman, D. R. Ross.

Directors elected at the preceding annual meeting of Class A Stockholders and/or Voting Trustees were present as follows: D. R. Ross, Thompson Coberth, L. M. Spalding, George I. Hurley and Gordon B. Leitch.

Additional Class A Stockholders and/or Voting Trustees were present as follows: J. P. Brennan, Henry Garnjobst, J. D. Rankin and Clarence I. Drummond.

The Advisory Committee member from Lincoln County, H. R. Kauffman, was present.

Administrative personnel of Oregon Physicians' Service also were present.

Due notice of meeting was presented and recorded.

Minutes of the Board of Directors meeting of July 15, 1944 were read and approved as read.

Nominations were opened for the office of President for the ensuing year. D. R. Ross was nominated and a motion was duly carried that nomination be closed and the Secretary be instructed to cast an unanimous ballot for D. R. Ross as president for the ensuing year.

Nominations were opened for the office of Vice-President for the ensuing year. Thompson Coberth was nominated and a motion was duly carried that nominations be closed and the Secretary be instructed to cast an unanimous ballot for Thompson Coberth as Vice-President for the ensuing year.

4857 Nominations were opened for the office of Secretary for the ensuing year. L. M. Spalding was nominated and a motion was duly carried that nominations be closed and the Secretary be instructed to cast an unanimous ballot for L. M. Spalding as Secretary for the ensuing year.

Nominations were opened for the office of Treasurer for the ensuing year. George I. Hurley was nominated and a motion was duly carried that nominations be closed and the Secretary be instructed to cast an unanimous ballot for George I. Hurley as Treasurer for the ensuing year.

Nominations were opened for two positions on the Executive Committee for the ensuing year, it being noted that the By-Laws provide for automatic membership on the Executive Committee of the President, D. R. Ross. Drs. Thompson Coberth and L. M. Spalding were nominated individually in due form and a motion was carried that nominations be closed and the Secretary be instructed to cast individual unanimous ballots for Thompson Coberth and L. M. Spalding as Executive Committee members for the ensuing year.

Upon motion unanimously carried all standing subcommittees of the Board of Directors were reappointed for the year of 1944-45, as follows:

Professional Relations Committee

Gordon B. Leitch, Chairman (Portland)
J. V. Straumfjord, (Astoria)
R. Lloyd Tegart, (Portland)

Public Relations Committee

Thompson Coberth, Chairman (The Dalles)
E. H. McLean, (Oregon City)
John Besson, (Portland)

Legal Relations Committee

D. R. Ross, Chairman (Salem)
C. W. McCain, (Hood River)
E. E. Gambee, (Portland)

4858 *Subscriber Relations Committee*

L. M. Spalding, Chairman (Astoria)
Verne L. Adams, (Myrtle Creek)
Harry B. Moore, (Portland)

Employer Relations Committee

George I. Hurley, Chairman (Eugene)
Charles E. Sears, (Portland)
J. H. Garnjobst, (Salem)

A letter requesting that Oregon Physicians' Service increase its monthly payment to the Doctors' Official Telephone Exchange to two hundred and twenty-five dollars ($225.00) per month was read and ordered filed. A motion was duly carried that the Board of Directors shall give tentative approval to this request but that final action shall be placed in the hands of the Multnomah County Supervisory Committee. The matter shall be referred promptly to said committee for action.

Upon motion duly carried the matter of approving the request of the Portland Council of Hospitals for an increase in rates was subjected to reconsideration. After discussion a motion was carried that the management of Oregon Physicians' Service be authorized to negotiate for a basic ward rate of $5.90 per day to include routine drugs and dressings, the same rate as that now being paid by the State Industrial Accident Commission for Class A Hospital Service. This motion also included a stipulation that detailed reports shall be furnished by the hospitals in the same manner as furnished to the State Industrial Accident

Commission and that this rate shall constitute a ceiling which shall not be revised excepting by prior conference between representatives of the hospitals and the Board of Directors of Oregon Physicians' Service.

The matter of continuing negotiations with hospital representatives concerning the proposed plan for joint operations was discussed and it was agreed informally that no further action shall be taken at this time.

4859 The management suggested that another campaign should be conducted during September and October in an attempt to increase the Class AA Stockholdings among Cooperating Physicians throughout the state.

Upon motion duly carried it was agreed that such a campaign shall be conducted and that subsequent non-stockholding physicians shall be deleted from the Oregon Physicians' Service list of Cooperating Physicians at a later date, excepting that this stipulation shall not apply to cooperating physicians located in Clackamas, Lane, Coos, Klamath and Lake Counties.

By motion duly carried it was ordered that Savings Accounts shall be opened in the First Federal Savings and Loan Association of Portland and the Washington Federal Savings and Loan Association of Hillsboro for the depositing of receipts from the sale of Class AA stock and that the following signatures shall be authorized in connection with such accounts: President, D. R. Ross; Secretary, L. M. Spalding; General Manager, Willard C. Marshall; Comptroller, E. E. Rubey; Assistant Comptroller, Barbara E. Smith.

After discussion it was agreed informally that a letter shall be written to Dr. E. H. McLean of Oregon City, incoming President of the Oregon State Medical Society, inviting him to attend all meetings of the Class A Stockholders and/or Voting Trustees and the Board of Directors during his term of office.

Upon call from the President for consideration of unfinished business or new business, no additional business was presented. The meeting adjourned in due form.

(Signed) D. R. Ross
Secretary

Plaintiff's Exhibit 418

4860 December 28, 1944

Dr. D. R. Ross
First National Bank Building
Salem, Oregon

Dear Dr. Ross:

A meeting of the Board of Trustees of Oregon Physicians' Service has been called for Saturday, January 6, 1945, at 2:30 P.M. at the O.P.S. Portland Office, 471 Pittock Block. It will be necessary to elect another member of the Board of Directors to complete the unexpired term of Dr. Thompson Coberth, who has resigned as a Director. Other matters of importance also will be presented.

Immediately following the Trustees' session a meeting of the Board of Directors will be held. Both of these sessions have been called for the early afternoon of the next Oregon State Medical Society Meeting date so that members desiring to attend both meetings will be enabled to conserve traveling time thereby.

Inasmuch as these meetings will be important, it is hoped that you will be able to attend. However, if it is impossible for you to attend the Trustees' meeting, kindly execute the enclosed proxy form and return same at your early convenience.

Kindest wishes for the New Year.

Sincerely yours,

OREGON PHYSICIANS' SERVICE

Secretary

WCM:LR
Enclosure

Plaintiff's Exhibit 419

4861 OREGON PHYSICIANS' SERVICE

Meeting of Board of Directors

Portland, Oregon, January 6, 1945

The meeting was held at 3:30 P.M. at the Portland Office of Oregon Physicians' Service, 471 Pittock Block, and was called to order by the President, D. R. Ross.

J. P. Brennan was inducted as a Director at this meeting, to fill the unexpired term of Thompson Coberth, resigned. Directors Gordon B. Leitch and D. R. Ross also were present. Additional Class A Stockholders and/or Voting Trustees were present as follows: Roderic Belknap and Henry Garnjobst. E. H. McLean, President of the Oregon State Medical Society, was present by special invitation. Administrative personnel of Oregon Physicians' Service also were present.

Due notice of meeting was presented and recorded.

A motion was duly carried that D. R. Ross be named as acting Secretary for this meeting inasmuch as L. M. Spalding, Secretary, was absent.

Minutes of the Board of Directors' Meeting of September 1, 1944 were read and approved as read. Minutes of the informal meeting of the Board of Directors of November 4, 1944 were read and ordered filed for possible future reference.

Nominations were open for the office of Vice-President for the unexpired portion of the term of Thompson Coberth, resigned. J. P. Brennan was nominated by Gordon B. Leitch, and a motion was duly carried that nominations be closed and the Secretary be instructed to cast an unanimous ballot for J. P. Brennan as Vice-President for the unexpired term of Thompson Coberth, resigned.

Nominations were open for the office of Executive Committee Member to fill the balance of the unexpired term of Thompson Coberth, resigned. A motion was duly carried that this matter be deferred until the next meeting of the Board of Directors when a larger number of Directors may be present.

4862 Nominations were open for the position of Chairman of the Public Relations Committee to fill the unexpired term of Thompson Coberth, resigned. J. P. Brennan was nominated by Gordon B. Leitch and a motion was duly carried that nominations be closed and the Secretary be instructed to cast an unanimous ballot for J. P. Brennan as Chairman of the Public Relations Committee to fill the unexpired term of Thompson Coberth, resigned.

The management gave a report to the effect that relationships with Portland hospitals have improved to the extent that Oregon Physicians' Service will be able to obtain necessary hospital information for liability determination purposes through an arrangement jointly agreed upon.

A report was rendered by the management with reference to recent discussions held with executives of the Northwest Hospital Service Plan and also regarding current similar negotiations being carried on in the state of Washington. No definite action was taken, but the management was authorized to confer with Blue Cross representatives to the extent which might appear advisable.

E. H. McLean stated that full details of the forthcoming medical survey to be conducted by the Oregon State Medical Society have not been completed as yet and that the matter of defraying the cost of this survey will be brought up for consideration at an appropriate later date.

The management reported that efforts currently are being made to draft and introduce a bill in the forthcoming session of the State Legislature for the purpose of requiring hospital associations to set aside contingency reserve funds. It was pointed out that such legislation would be especially beneficial for the reason that stipulated contingency reserve funds could be set up thereby without encountering the prohibitive corporation profit taxes. A motion was carried that the principle of such proposed legislation shall be approved by the Board of Directors and that the management shall be authorized to take an active part in the formulation of this proposed legislation. When a draft of the proposed legislation finally is available, the matter shall be brought to the attention of the Board of Directors for any possible additional ac-
4863 tion.

It was stated that Oregon Physicians' Service had been requested to send representatives to meetings to be held at Chicago beginning on February 10, 1945 under the sponsorship of the American Medical Association Council on Medical Care and Public Relations and the National Conference on Medical Service. A motion was duly carried that the President, Secretary and General Manager be authorized to attend the forthcoming Chicago meeting and that the expenses of this trip shall be defrayed by Oregon Physicians' Service.

Gordon B. Leitch reported on negotiations currently being conducted by Oregon Physicians' Service for possible coverage of employes of the Union Pacific Railroad Company. After discussion a motion was duly carried to the effect that the continuance of such negotiations shall be approved.

It was reported that approximately $7,500 of additional funds received from the sale of Class AA Stock now is

available for investment. After discussion a motion was carried that these funds shall be invested immediately in United States Government Short Term Bonds.

A report from the Jackson County Supervisory Committee of Oregon Physicians' Service was read as follows:

"At the meeting of the Jackson County Stockholders held at Medford on January 3, 1945, the following recommendations were unanimously approved for submission to the Directors of Oregon Physicians' Service:

1. *Family Hospitalization Plan:*

After considerable discussion, it was recommended that the administration of O.P.S. devise a plan of providing hospital care to families residing in Jackson County. Such program was deemed an urgent problem in view of the trend of opinion of present O.P.S. subscribers in this area. Therefore, the O.P.S. administration is requested to submit specific recommendations at an early date which would be submitted to Jackson County Stockholders for approval and
4864 adoption. It is contemplated that such a program may be confined to Jackson County; if need be, as an experimental proving ground for a future statewide plan that would eventually include both medical and hospital service.

2. *Administration Expense:*

The Division Agreement executed by Class AA Stockholders in Jackson County in 1942 provided in paragraph number 6 that a charge of 20% of earned income be made on Jackson County contracts to cover administrative costs. In the event that such 20% should exceed the amount of actual administrative expense after the first year, then such percentage was to be adjusted downward to the actual expense.

It is our opinion that 20% is now an excessive charge for administering O.P.S. contracts in Jackson County. Therefore, the Directors are respectfully requested to revise the administrative charge to Jackson County as of January 1, 1945, to conform to the actual costs and to be allocated in the same

manner as such costs are charged to other pools of O.P.S.

Submitted by the Executive Committee of Jackson County, January 4, 1945."

C. I. DRUMMOND, Chairman
WM. F. RONEY
L. D. INSKEEP

With reference to any possible installation of a family hospitalization plan in Jackson County, it was pointed out that the House of Delegates of the Oregon State Medical Society in 1939 passed a resolution to the effect, among other things, that approved medical service organizations should refrain to the fullest possible extent from entering the hospital service field to any greater extent than had existed heretofore. In view of this standing resolution of the Oregon State Medical Society, the Board
4865 of Directors informally decided to recommend to the Jackson County Supervisory Committee that a communication be addressed to the Oregon State Medical Society suggesting that the matter of the Society's attitude toward the issuing of family hospitalization plans by approved medical service bureaus be brought up shortly for reconsideration and possible action. The Board of Directors informally agreed to cooperate in this procedure in all reasonable ways.

The request for a revision in administrative charges for the Jackson County Division was considered and a motion was carried that complete reports be brought to the attention of the Board of Directors at its next meeting for action. It was agreed that any possible forthcoming action on this matter shall be made effective on and after January 1, 1945.

Upon call from the President for consideration of unfinished business or new business, no additional business was presented.

The meeting adjourned in due form.

(Signed) D. R. Ross
Acting Secretary

Plaintiff's Exhibit 421

4866 OREGON PHYSICIANS' SERVICE

Meeting of Board of Directors

Portland, Oregon, April 6, 1945

The meeting was held at 6:30 P.M. at the Rose Room in the Benson Hotel, Portland, and was called to order by the President, D. R. Ross.

Directors D. R. Ross, J. P. Brennan, Gordon B. Leitch and L. M. Spalding were present. E. H. McLean, President of the Oregon State Medical Society, was present by special invitation. Administrative personnel of Oregon Physicians' Service also were present.

Due notice of meeting was presented and recorded.

Minutes of the Board of Directors Meeting of February 4, 1945 were read and approved as read.

A management report was rendered to the effect that the professional liability policy previously held with Lloyds of London has been terminated as of its expiration date and that the only available source for a replacement policy is from the Metropolitan Casualty Company. The cost of the previous policy for the last year of coverage was approximately $382.00, whereas the replacement policy will bear a premium cost of $3,200 deposit, plus later additional payment based on audit at the final total rate of ten cents per one hundred dollars expended in total service costs. It was pointed out that Lloyds of London has withdrawn from the professional liability insurance field in the entire Pacific Coast area. After discussion a motion was carried that further study shall be conducted concerning available sources for replacement professional liability insurance and that the offered replacement policy from the Metropolitan Casualty Company shall be accepted such that no lapse in coverage may be permitted to occur. In the event that additional sources for obtaining professional liability coverage should be found available at a later date, the subject shall be reconsidered
4867 fully.

The management also reported that efforts to obtain legislation for the setting up of additional proper reserves had been unsuccessful at the recent session of the legislature for a number of reasons. All possibilities of establishing reserves on a favorable basis are continuing to be investigated fully. This report on the subject of reserves was accepted by motion carried.

It was agreed informally that the Multnomah County Supervisory Committee shall be invited to confer with the Board of Directors at a subsequent Board Meeting, probably in May, 1945, for discussion of the subject of reserves and other pertinent matters. This action was taken in response to the request of said Supervisory Committee that such a joint meeting be held.

The committee appointed to confer with hospital representatives concerning possible unification of activities reported negotiations which have been carried on during the past two months since the last meeting of the Board of Directors. After discussion it was agreed informally that no additional action shall be taken concerning this subject at the present time.

The matter of formulating a policy toward the subject of family coverage was discussed at considerable length and a motion was carried that the Board of Directors of Oregon Physicians' Service is not ready to approve a state-wide plan for family medical and/or hospital coverage at this time but will scrutinize any county plan presented for approval.

Edward E. Rubey stated that he is resigning from the administrative staff of Oregon Physicians' Service effective on May 1, 1945. He stated his views concerning the past and potential future progress of Oregon Physicians' Service. A motion was carried that appreciation be given to Mr. Rubey for his loyal services in the past and that the Board of Directors express its regret concerning the resignation of Mr. Rubey presented at this time.

It was agreed informally that Oregon Physicians' Service remunerate Miss Lorienne M. Conlee for legal and other services delivered during the past three months, same in accordance with action previously taken by the
4868 Board.

It was pointed out that election of an Executive Committee for the current operating year had been postponed up to the present time. Nominations were open for two positions on the Executive Committee, it being noted that the President automatically holds the third position in accordance with the By-Laws. J. P. Brennan and L. M. Spalding were nominated individually and were elected unanimously by the closing of nominations and casting of unanimous ballots duly carried.

It was agreed informally that the Class A Stockholders and/or Voting Trustees shall arrange to meet quarterly with the Council of the Oregon State Medical Society.

Matters of mutual interest to the Council of the Oregon State Medical Society and to the Class A Stockholders and/or Voting Trustees of Oregon Physicians' Services should be brought for consideration at these quarterly joint meetings.

Upon motion duly carried the signatures of D. R. Ross, President; J. P. Brennan, Vice-President; L. M. Spalding, Secretary; W. C. Marshall, General Manager; and Joseph E. Harvey, Jr., Portland Division Manager, were authorized for the signing of corporation checks in connection with the Oregon Physicians' Service—Employes Defense Bond Account in the United States National Bank of Portland.

Upon call from the President for consideration of unfinished business, no additional business was presented.

The meeting adjourned in due form.

(Signed) L. M. SPALDING
Secretary

Plaintiff's Exhibit 422

4869 April 20, 1945

Board of Directors
Oregon Physicians' Service
Salem, Oregon

Gentlemen:

At the last meeting of the Board of Directors on April 6, 1945, I was extended the courtesy of airing my personal views regarding the organization of O. P. S. and the impressions which I had gained during the two and one-half years I have spent with O. P. S.

In retrospect, it occurs to me that the comments which I then made were perhaps too general, even superficial, to convey to you the constructive suggestions that I intended to give. For that reason, I have presumed to submit in writing the more important problems of O. P. S. that I believe the Board and the Council of the Oregon State Medical Society should consider seriously. These suggestions are offered entirely as my own, in the sincere hope that they will be received as such, rather than criticisms. I believe that concerted action upon these suggestions will strengthen O. P. S. sufficiently to make it the militant agency for medicine which it can and should be.

At present, the management of O. P. S. is badly handicapped because it has never had a definite expression from the Society as to what O. P. S. should try to accomplish. Before the true aim of O. P. S. can be determined, a unity of thinking must be achieved on many important questions. Here are some of the pertinent questions:

1. Does the Society want O. P. S. to continue its present type of service contract, or would it prefer an indemnity program?
2. What is *adequate* medical care? Does O. P. S. provide it?
3. What does the public expect of prepaid medical plans?
4. Is O. P. S. an agency for insuring the public against financial loss from sickness and injury or is it an agency for collecting fees from low-income groups?
5. What comprises the "low-income" group; why do some physicians insist on income limits?
6. What types of practice should be in the "specialist" category for the O. P. S. staff?
7. What place do the hospitals have in Oregon prepaid medical plans?

Numerous subsidiary questions also are involved in the major problems enumerated above. I shall endeavor to suggest practical answers to these questions; suggestions which I feel are feasible and which should be definitely accepted or rejected by the medical profession after concerted action by the Directors, the State Council and the House of Delegates.

The Objective of O. P. S.:

The management of O. P. S. has endeavored to conduct the business as a statewide instrument of the Oregon profession of medicine. Wherever possible the affairs of O. P. S. in each community are operated in accordance with the expressed desires of organized medicine therein, subordinating special situations in a particular community which would adversely affect the state-wide program.

4870

Lacking a clear definition of the program which O. P. S. is to follow, the Directors and management of O. P. S. have sought to adopt a program to implement such

specific instructions as have emanated from the Council of the State Society. So far as practicable, contracts have been secured only from groups of wage-earners and clerical employes (the "white-collar" wage-earners) whose income is ostensibly at or below the average level of incomes. Despite repeated demands from the public, no direct action has been taken by management to make any form of family coverage available to existing groups of subscribers. Where possible, contracts to provide industrial injury coverage have been avoided. In short, a negative program has been followed inasmuch as a positive, aggressive program has not yet been authorized by the State Council.

The organization which is O. P. S. can and should be given authority to undertake lines of business which will answer fully the long-established public demand for prepaid medical care. The medical profession cannot claim that O. P. S. fully provides the sort of program demanded by the public because the employed member of the family is the only one reached by O. P. S. at present. O. P. S. therefore is failing the public and is also failing the medical profession by not at least *offering* some kind of family coverage. While it is a fact that more of the population is covered by prepayment plans here in Oregon than in any other state, family benefits for Oregonians are practically non-existent.

Why would it not be feasible to offer group and indemnity family coverage with both medical and hospital benefits, as a companion contract to the present service contract for the employed member of the family.

If O. P. S. is to be a vital organization, truly representative of a genuine desire on the part of the medical profession to extend the benefits of medicine to the public on a non-political level, these services must be offered by O. P. S.:

1. Protection against heavy medical expense for the illnesses and injuries of the worker (as O. P. S. is now doing).
2. Protection against heavy medical expense for the illnesses and injuries of the worker's family.
3. Facilities for disseminating expert advice on health, sanitation and industrial safety to the groups of subscribers under contract.
4. Facilities for assisting deserving and properly trained physicians to enter private practice as they

return from military service or as they complete their medical training.

O. P. S. must not only represent the medical profession; it must proffer a real service to the public, giving reasonably adequate medical care at rates which the public can afford to pay and which will fairly compensate the physician for his services.

These objectives can all be attained by O. P. S. so long as it has the active and whole-hearted support of the profession. It will fail to attain these objectives so long as the profession continues its rather negative support of O. P. S. as a wishful counter-measure to the commercial associations and to political medicine. O. P. S. must be accepted as a business venture and supported as such. During my term of service with O. P. S. I have not seen adequate evidence that the Society actually believed in O. P. S. as a sound business program.

Adequate Medical Care:

How does the medical profession define the term "adequate medical care"? As a layman, I do not propose to answer for the profession. As a layman, however, I can report what some laymen think that term denotes.

First, adequate care means competent and thorough care, so rendered as to achieve rapid recovery thereby reducing loss of earnings for the worker and also the cost of hospitalization and medication.

4871 Second, adequate care denotes availability of good medical service to all classes of people at a cost which will not preclude early treatment of the injury or illness.

Third, adequate medical care ought to be preventative as well as curative.

The prepayment principle greatly assists in providing adequate medical care, especially in such forms as the O. P. S. type of organization. Competence of the staff of physicians is attested by eligibility to membership in the medical society, freedom from financial concern over medical cost encourages early treatment at the hands of capable physicians, and such early treatment results in preventative as well as curative medcal care.

As far as it goes, O. P. S. does provide medical care that is adequate in the layman's viewpoint. It is inadequate only in the sense of failing to make the same quality and quantity of medical care available to the wives and children of the

wage-earner and to those who are unemployed or self-employed. This latter group includes farmers, shopkeepers, domestics, and the like.

Is it the function of a prepayment plan to undertake the care of the aged, the unemployed or the unemployable? I think not. Such cases are a community problem, of which medical care is but one phase. The profession sould cooperate with community leaders in evolving a complete solution of the problem. O. P. S. must avoid assuming the role of a social welfare agency; it should endeavor to provide care that is adequate and require payment of premiums sufficient to finance the rendering of that care. In other words, O. P. S. must operate on sound financial grounds in a business-like manner.

What Does the Public Want?

The public does not want cheap medical care from disinterested, poorly-trained physicians. The demand is for access to good physicians with a pre-determined ceiling on the cost. The public has two sound arguments for expecting such standard-cost care: (a) the insurance principle enables modest premiums from large numbers of people to finance expected but indeterminate individual losses; (b) there is an ascertainable average charge covering every conceivable type of medical service.

No intelligent layman denies that medical care is a highly personalized service, with widely varying degrees of attention required. But laymen feel that medical care is a commodity and as such should be procurable at fixed rates.

The public actually wants health and accident insurance with a risk-spread broad enough to produce a premium which is within the buyer's means, and which will pay the physician well enough to justify good medical care for every serious ailment throughout the assured's lifetime. This health insurance is demanded for the wage earner and his entire family. This is not an unreasonable demand. It can be met by the medical profession if thought is given to the minimum requirements of "adequate medical care" and if premiums are properly related to that standard of care.

Income Limits for Health Plan Participants:

The public considers O. P. S. coverage as insurance which should be available to all within any employment unit. Laymen believe that good medical service should be obtainable at a reasonable fee, varying according to the skill and effici-

ency of the service performed, and with the same fee charged to all having that same service. This opinion is one fundamental reason for the present demand for prepaid medical care.

No layman seriously objects to paying for special services, such as frequent calls on his physician, extensive series of X-rays and laboratory tests, private rooms in a hospital, private nurses, and the like, *provided* that his physician first tells him that such services are intended to make him more comfortable or to shorten his convalescence. Prepayment plans do not contemplate "deluxe" service and are therefore unattractive to those who seek that kind of medical care. No subscriber to O. P. S. can seriously expect "deluxe" service if he reads his contract; every member is entitled to the same level of service.

4872 The profession should declare itself on the fourth question I raised at the outset: Is O. P. S. an agency of health insurance or is it an agency for collecting fees? The public will reject the latter conception because it regards O. P. S. as an insuring agent of the medical profession. Furthermore, should the profession prefer to relegate O. P. S. to the position of a fee collecting system, with income limits on participation, O. P. S. will be unable to secure the cooperation of employers and corporate officers involved in maintenance of existing group contracts.

It is impossible to think of excluding those persons whose earnings are above the low-income level as a matter of true insurance underwriting — such persons are generally the best risks. It is impractical to apply such a limitation because there can be no positive means of proving that any individual is earning either more or less than the sum stipulated. To attempt it encourages cheating and alienates public opinion.

Specialists and Prepaid Medicine:

At present we have no clear definition of the medical specialties. A layman thinks of a specialist as a physician or surgeon who performs but one type of service. He is therefore confused when a specialist in surgery takes the same sort of cases as the general practitioner or when a specialist in diagnosis and internal medicine accepts any case that walks into his office.

This confusion is particularly difficult for the administration of prepayment plans. If certain physicians want O. P. S. cases only upon a referral basis, the published list of staff physicians should clearly indicate that fact. Were a

physician so listed, he should gladly and strictly comply with the intent of that listing.

It was suggested more than a year ago that each O. P. S. physician should be classified on the O. P. S. staff list exactly as he is listed in the A. M. A. directory. The specialists would then be available only for referral of the types of cases for which they are best fitted. This scheme would classify the specialists fairly and impartially.

Fees of specialists as opposed to those of the general practitioner constitute a potential threat to the long-term outlook of O. P. S. At present the specialist is obliged to comply with the published O. P. S. fee schedule. Perhaps this is unfair to the true specialist, perhaps a higher schedule should be offered to specialists. The profession itself must assume responsibility for solving this problem.

The Hospitals and O. P. S.:

The relationships of the Portland hospitals and O. P. S. have never been cordial despite concerted effort on the part of those most directly interested in effecting improvement. Elsewhere in the state, the relationships are excellent.

The obvious reason for this inability to obtain genuine cooperation from the Portland hospitals is that they are seeking to improve the position of their own prepayment plan, the Blue Cross Plan. Prior to the entry of Blue Cross into this area, the hospitals and Multnomah Medical Service Bureau worked together well. The cordial relationships that existed prior to 1942 were disrupted during the stress of negotiations for setting up a medical and hospital service plan for the Kaiser shipyards.

There has been at least one attempt made each year for the past three years to affect a merger of O. P. S. and Blue Cross. The negotiations have always broken down because of the refusal of Blue Cross to accept a premium rate commensurate with O. P. S. cost experience on the same type of hospitalization coverage.

Efficient administration of a complete medical program requires a single unified agency which can offer both medical and hospital benefits. To separate the two types of benefits incurs needless duplication of administrative costs. The sorry experience of our joint operation of the shipyard contracts showed the difficulties in a split program. Blue Cross representatives concur in this, but apparently feel that the hospitals, rather than the medical profession, should guide the over-all program.

4873 Here in Oregon, the pattern was established long ago to operate prepayment plans under direction of the medical profession. Since physicians originate every case admitted to the hospitals, I never understood why the physicians should not insist on having precedence in the policy-making for hospitals, especially in the field of prepayment plans. If medicine avoids this responsibility, it will eventually find itself under the direction and control of the laymen who administer the hospitals; the doctor's workshop will be governed by rules and regulations that may be inimical to the medical profession. The A. M. A. regional conference of April 7 heard this same warning voiced by physicians who observe this trend in other areas where Blue Cross is stronger.

Both the physician and the hospital must continually bear in mind that theirs is a public service. The over-all cost of medical care must be kept at a minimum in order to make needed service economically available to the largest possible number of people. The profession has kept faith with the public in avoiding unreasonable inflation of its fees during this war period. However, the profession has failed the public in that it has done nothing, apparently, about restraining continual increases in fees charged by Portland hospitals. I sometimes wonder whether the physicians ever bother to determine what hospital care costs. It would be salutary for them to do so.

A full report on hospitalization and the relation of O. P. S. to that type of service was submitted to the Board of Directors under date of August 10, 1944. Reference to that report will disclose the increased hospitalization costs referred to above. That report also sets out the obstacles to a successful merger of the coverage of O. P. S. with Blue Cross.

I would suggest that a definite contract for hospital services be effected between O. P. S. and the Oregon Association of Hospitals and that the management of O. P. S. be relieved of further negotiations with the local Blue Cross organization.

Indemnity vs. Service Benefit Contracts:

Considerable discussion has been heard on the relative merits of indemnity coverage and the present O. P. S. service coverage.

From conversations I have had with a number of laymen from all walks of life, it is apparent that the public favors the service plan. The preference stems from a wish to have

the prepayment plan pay in full for the services received. Here again is evidence that the public wants a predetermined ceiling on the cost of medical care. If the fees received from a service plan are fair, taken on the average fee per case, there should be no objection from the profession to this type of coverage.

The major reason for an indemnity plan's popularity with the profession is that the physician can still charge whatever he wants for the services he renders. This is the very thing that is most objectionable to the public and which the public seeks to circumvent in prepayment plans. It is revealing to review recent statistics that clearly demonstrate the limited acceptance of indemnity coverage as compared with service coverage plans. (See "Medical Economics", March, 1945, Page 58.) The public wants a plan that fully covers the cost of medical care; it is suspicious of plans that permit extra charges on fully insurable contingencies. Competition for business among the doctors is not deemed a sufficient safeguard against unreasonable extra charges.

Should O. P. S. revise its form sufficiently to qualify as an insurance company, it could then offer both indemnity and service contracts. At present it cannot indemnify for medical costs except in emergency situations,

Perhaps it would be wise to change the corporate structure of O. P. S. so that it would qualify as an indemnity insurance company. It could then indemnify for hospitalization at a flat per diem rate, it could offer catastrophic family coverage for surgical and/or medical and hospital care, it would partially solve the problem of specialists' fees. Considerable data is available to form a sound conclusion on accepting or rejecting the indemnity principle for O. P. S.

4874 *A Special Problem:*

The state-wide pattern of organization is admirably established and preserved by the very design of its corporate structure: the Council of the Oregon State Medical Society selects eleven Trustees (each from a different section of the state), who select the five Directors from the body of Trustees. Management personnel is selected by and is accountable to the Board of Directors.

Management must look to the Directors for approval of any matter of policy; it cannot and does not act solely upon suggestions of any local county supervisory committee since such committees have only advisory powers. It therefore

appears, at times, that management deliberately ignores the instructions of a local supervisory committee when actually the management is unable to comply with such instructions until authorized by the Directors. Unless and until the component parts of the State Society clearly understand the framework of O. P. S. there will be continued suspicion of the motives of the Directors and the employes of O. P. S.

The profession is not adequately informed about O. P. S. This situation must be corrected before sound progress can be made.

In conclusion, I wish to acknowledge the complete and courteous cooperation that has been extended to me by the Directors and management of O. P. S. during my term of service. It has been an interesting and challenging experience to have had some part in the activities of O. P. S. during its formative years. Its present personnel is able and absolutely sincere in its desire to make of O. P. S. whatever the profession wishes it to be. The employes of O. P. S. need and deserve your unqualified support in order to achieve the results you wish.

E. E. RUBEY

Plaintiff's Exhibit 423

4875 OREGON STATE MEDICAL SOCIETY
Medical-Dental Building
Portland, Oregon

August 31, 1945

House of Delegates
Oregon State Medical Society

Gentlemen:

At its mid-year meeting in April, the House of Delegates appointed the members of the Board of Directors of Oregon Physicians' Service as a committee to define the objectives of Oregon Physicians' Service and its relationship to other methods of distributing the costs of medical and hospital service and to report to the House of Delegates at the 1945 Session.

An intensive study of this subject has been made by your committee during the past three months. After considerable deliberation the committee desires to render its report

in the form of definite recommendations for your consideration as follows:

1. That Oregon Physicians' Service be authorized to continue the writing of "Full Coverage" medical and hospital contracts for employe groups on the "service" plan as at present.
2. That Oregon Physicians' Service be empowered to offer hospitalization contracts for the families of employed groups in those areas where the cooperating medical groups desire that such action be taken.
3. That Oregon Physicians' Service be empowered to offer *limited* coverage medical contract service to the families of employed groups in those areas where cooperating medical groups desire that such action be taken.

As applied to all of the above mentioned proposals, it is recommended that the principal of local autonomy should be preserved.

Respectfully submitted,

OREGON STATE MEDICAL SOCIETY
SPECIAL INTERIM COMMITTEE OF
THE HOUSE OF DELEGATES

D. R. Ross, M.D.
L. M. Spalding, M.D.
J. P. Brennan, M.D.
George I. Hurley, M.D.
Gordon B. Leitch, M.D.

By (Signed) L. M. SPALDING
Secretary

Plaintiff's Exhibit 424

4876 OREGON PHYSICIANS' SERVICE

Organization Meeting of Board of Directors

Portland, Oregon
October 6, 1945

The meeting was held at 4:00 P.M. at the Portland Office of Oregon Physicians' Service, 471 Pittock Block, and was called to order by the temporary Chairman, J. P. Brennan.

Directors present were: J. P. Brennan, Gordon B. Leitch, L. M. Spalding and C. I. Drummond. Other Class A Stockholders and/or Voting Trustees were present as follows: Henry Garnjobst and J. D. Rankin. Dr. Herbert Simpson, Ph.D., Economics Advisor of the National Physicians Committee, was present. Administrative personnel of Oregon Physicians' Service also were present.

Due notice of meeting was read and ordered filed.

Minutes of the meetings of the Board of Directors of August 4, 1945 and August 31, 1945 were read and individually approved as read.

Individual nominations and individual unanimous motions closing nominations and instructing the Secretary to cast the unanimous ballots in each instance resulted in the election of officers for the ensuing year as follows: President, D. R. Ross; Vice-President, J. P. Brennan; Secretary, C. I. Drummond; Treasurer, Gordon B. Leitch. A motion was carried that appreciation be expressed to L. M. Spalding for his long service as Secretary and to George I. Hurley for his long service as Treasurer.

It was noted that the President automatically serves as a member of the Executive Committee as provided in the By-Laws. Nominations individually made and separate motions unanimously carried for the closing of nominations and the instructing of the Secretary to cast an unanimous ballot in each instance resulted in the election of the two additional members of the Executive Committee for the ensuing year, as follows: J. P. Brennan and L. M.
4877 Spalding.

The matter of election of standing sub-committees of the Board of Directors for the ensuing year was opened. In order that additional study might be given to this subject, a motion was carried to the effect that the election of these standing sub-committees shall be deferred until the next regular meeting of the Board of Directors.

A verbal report of the Supervisory Committee of Oregon Physicians' Service for Multnomah County was rendered to the effect that the Committee feels that the Board of Directors should give consideration at an appropriate time to the possibility of increasing subscriber rates of dues sometime in the future. It was agreed informally that the Supervisory Committee of Oregon Physicians' Service for Multnomah County shall be advised that the matter of possible rate increase will be given full consideration at an appropriate time.

By motion duly carried signatures for the signing of corporation checks on the Portland Office Account at the Ladd

and Bush Salem Branch of the United States National Bank of Portland were authorized as follows: D. R. Ross, President; C. I. Drummond, Secretary; Gordon B. Leitch, Treasurer; W. C. Marshall, General Manager; Joseph E. Harvey, Jr., Division Manager; A. W. Knox, Claims Supervisor; and W. A. Sundberg, Chief Accountant.

The management reported that additional conferences have been held with the chief administrator of the Northwest Hospital Service Plan in connection with a request by the Blue Cross Plan that cooperative proposals be reconsidered. A motion was duly carried that this report shall be noted and that any possible action shall be deferred until after the next meeting of the Board of Directors and until after a survey report may be received from Dr. Herbert Simpson.

The management outlined a procedure whereby the action of the House of Delegates of the Oregon State Medical Society in connection with authorizing the enlargement of coverage by Oregon Physicians' Service might be brought to the attention of the component local medical societies. This outline also included the procedure by which the enlarged coverage would be brought to the attention of prospective subscribers in the event that any local medical society should approve the installation of such serv-
4878 ices within its county area. A motion was carried that the procedure outlined by the management shall be approved for use in due course.

Preliminary drafts of a proposed supplemental group family hospitalization agreement and a supplemental group family surgical, obstetrical and hospital service agreement were reviewed briefly. A copy of these drafts was given to each member of the Board of Directors and it was agreed informally that a special meeting of the Board of Directors shall be held in the near future for the purpose of reviewing, modifying as may appear desirable and approving such supplemental agreement for use in the manner previously established.

Upon call from the Chairman for consideration of unfinished business or new business, no additional business was presented.

The meeting adjourned in due form.

(Signed) GORDON B. LEITCH
Acting Secretary

Plaintiff's Exhibit 425

4879 OREGON PHYSICIANS' SERVICE

Meeting of Board of Directors

Salem, Oregon
December 11, 1945

The meeting was held at 2:00 P.M. at the Salem Office of Oregon Physicians' Service, 190 South Liberty Street, and was called to order by the President, D. R. Ross.

Directors present were: D. R. Ross, J. P. Brennan, C. I. Drummond, Gordon B. Leitch and L. M. Spalding. Mr. Seth B. Thompson, State Insurance Commissioner, and Mr. J. B. Krutza, Special Examiner for the State Insurance Commissioner, were present by special invitation. Administrative personnel of Oregon Physicians' Service were present as follows: W. C. Marshall, K. G. Manning, Joseph E. Harvey, Jr., Justin B. Smith and William A. Sundberg.

Due notice of meeting was read and ordered filed.

Minutes of the Board of Directors Meeting of November 10, 1945 were read and approved as read.

Mr. Seth B. Thompson, State Insurance Commissioner, delivered a communication to Oregon Physicians' Service as follows:

STATE OF OREGON
Department of Insurance
Fire Marshal Department

SALEM

December 11, 1945

Mr. W. C. Marshall, General Manager
Oregon Physicians' Service
190 South Liberty Street
Salem, Oregon

Dear Mr. Marshall:

Enclosed herewith is a copy of the report of examination of the Oregon Physicians' Service dated December 4, 1945 and made by J. B. Krutza, Examiner, as of June 30, 1945, in accordance with Section 101-907, O. C. L. A. The report discloses an impairment of $164,470.67.

Therefore, in accordance with Section 101-404, O. C. L. A., this shall serve as notice and requisition to the Oregon Physicians' Service to make good the amount of the impairment within ninety days hereof.

This Department stands ready and willing to offer every assistance possible towards the solution of your problem.

Very truly yours,

Seth B. Thompson (signed)
Insurance Commissioner

4880 Mr. Thompson then reviewed portions of the report of examination of Oregon Physicians' Service dated December 4, 1945 and made by J. B. Krutza, Examiner for the State Insurance Department. An original copy of this report is attached in this minute book next hereto and by this reference is made a part of these minutes.

Considerable discussion ensued with reference to this entire subject. A resolution was made by Gordon B. Leitch, seconded by J. P. Brennan and unanimously carried as follows:

(1) WHEREAS, as a result of an examination made by the State of Oregon Department of Insurance as of June 30, 1945 in accordance with Section 101-907, O. C. L. A., as evidenced by a report thereof dated December 4, 1945 included herein, it was determined in accordance with Section 101-137, O. C. L. A., that the total liabilities, capital paid-up, and paid in surplus, exceed the total admitted assets in the amount of $164,470.67 by reason of the fact that a liability in the amount of $134,218.00 was established to cover incurred but unreported claims and for future payments under continued claims, and because a deduction was made of certain assets as not admitted, and

(2) WHEREAS, notice of such impairment and requisition for elimination of same in accordance with Section 101-404, O. C. L. A., has been received from the Insurance Commissioner under date of December 11, 1945. Therefore, in order to correct the said impairment and thereby to avoid the forfeiture proceedings provided by the Oregon statutes, be it hereby

(3) RESOLVED: That prior to the distribution of any funds to its member physicians on account of claims for services rendered as of December 31, 1945, the corporation shall in determining the amount available for distribution make provision, in addition to other known or estimated liabilities, for a reserve to cover incurred but unreported claims as of December 31,

1945 and for future payments under continued claims on the basis of an aggregate 6.7133 per cent of the premiums received during the year ending December 31, 1945 or on whatever other basis approved in advance by the Insurance Commissioner and shall also deduct from the assets in the corporation balance sheet such assets as are deemed "Not Admitted" in accordance with exhibits and procedures shown in the aforementioned examination report, and be it further

(4) RESOLVED: That this corporation by the required number of votes of its members of the Board of Directors as provided in the By-laws, does hereby authorize the distribution to its member physicians as of December 31, 1945, for their services on account of claims, such amounts computed at such percentages of the established schedule of fees for such services as the total available net assets in excess of liabilities and reserves computed in conformity with paragraph (3) above, of each division, bears to the total claims as per schedule of fees for that division. Provided, however, that upon ascertainment of the net amounts to be allocated to each division and the percentages of the schedule of fees to be used in the apportionment of each such allocation, the approval of the Insurance Commissioner be obtained prior to the distribution of any such sums. Be it hereby further

4881 (5) RESOLVED: That in the distribution of any future funds to member physicians for services rendered as per established schedule of fees, full consideration shall henceforth be given prior to such distribution to the establishment of and provision for any known or estimated liabilities and for the net valuation of available assets so as to reflect at all times an unimpaired financial condition. Be it finally

(6) RESOLVED: That a copy of these resolutions be transmitted to the Insurance Commissioner in compliance with his requisition of December 11, 1945.

Consideration was given to the status of a monthly payment of $150.00 by Oregon Physicians' Service to the Oregon State Medical Society for the use of the Society's personnel, supplies and equipment in connection with the operation of Oregon Physicians' Service. No formal action was taken with regard to this matter, but it was agreed informally that the action of the Board of Direc-

tors at a meeting held on December 19, 1942 shall continue to be in effect until further notice.

A motion was carried that the General Manager shall confer with the Council of the Oregon State Medical Society regarding the financial relationships between the Society and Oregon Physicians' Service and shall make a report on such conference to the Board of Directors at a subsequent meeting.

After full consideration a motion was carried that standing subcommittees of the Board of Directors for the balance of the 1945-46 year shall be appointed as follows:

1. PROFESSIONAL RELATIONS COMMITTEE

Gordon B. Leitch, Chairman (Portland)
J. V. Straumfjord, (Astoria)

2. PUBLIC RELATIONS COMMITTEE

J. P. Brennan, Chairman (Pendleton)
E. H. McLean (Oregon City)
John Besson (Portland)

3. LEGAL RELATIONS COMMITTEE

D. R. Ross, Chairman (Salem)
C. W. McCain (Hood River)
E. E. Gambee (Portland)

4. SUBSCRIBER RELATIONS COMMITTEE

L. M. Spalding, Chairman (Astoria)
Verne L. Adams (Myrtle Creek)
Harry B. Moore (Portland)

4882

5. EMPLOYER RELATIONS COMMITTEE

C. I. Drummond, Chairman (Medford)
Charles E. Sears (Portland)
J. H. Garnjobst (Salem)

In connection with the appointment of these sub-committees of the Board of Director, a motion was carried that Gordon B. Leitch as Committee Chairman, shall be authorized to appoint the third member of the Professional Relations Committee.

The management reported that considerable discussion has transpired in the recent past among professional circles in the Portland area regarding the possibility of combining office space for several allied professional

agencies, including Oregon Physicians' Service, in some desirable office building, house or other structure in the city of Portland. A motion was carried that the General Manager shall be authorized to confer with officials of other professional agencies regarding the problem of Portland office space, with a report to be made to the Board of Directors at some subsequent meeting.

A letter addressed to Oregon Physicians' Service by the Clark County Medical Service Corporation, together with an attached letter from said Clark County Medical Service Corporation to the Multnomah County Medical Society, were read in connection with a request that arangements be effected for the rendering of services in the Portland area to family subscribers of the Clark County Corporation. A motion was carried that the receipt of this letter be acknowledged and that the Clark County Medical Service Corporation be advised that this matter will receive attention in due time.

Upon call from the President for consideration of unfinished business, or new business, no additional business was presented.

The meeting adjourned in due form.

(Signed) J. P. BRENNAN
Acting Secretary

Plaintiff's Exhibit 426

4883 OREGON PHYSICIANS' SERVICE

Meeting of Board of Directors

Portland, Oregon
January 5, 1946

The meeting was held at 2:00 P.M. at the Portland Office of Oregon Physicians' Service, 471 Pittock Block, and was called to order by the President, D. R. Ross.

Directors present were: D. R. Ross, J. P. Brennan, Gordon B. Leitch and L. M. Spalding. H. R. Kauffman, representative of the Lincoln County Division, was present. Oregon Physicians' Service administrative personnel present were: W. C. Marshall, K. G. Manning, Joseph E. Harvey, Jr., A. W. Knox and W. A. Sundberg. William G. Stacey, Oregon Physicians' Service Auditor and Tax Consultant, also was present.

Due notice of meeting was read and ordered filed.

Because of the absence of the Secretary, C. I. Drummond, a motion was duly carried that J. P. Brennan be named Acting Secretary for this meeting.

Minutes of the Board of Directors Meeting of December 11, 1945 were read and approved as read.

Considerable discussion ensued with reference to the reserve for incurred but unreported claims and for continued liability under previously established claims which was authorized at the last meeting of the Board of Directors and which was set up as of December 31, 1945. A motion was duly carried that the permanent continuance of this reserve shall be handled on a one year revolving fund basis such that the reserve applicable to each year of operation will adequately represent that particular year's operations, with all reserves to be completely free of liability so that they may meet the requirements fully.

After full consideration, a motion was carried that the management shall be authorized to invest the established reserve funds in United States Government Bonds.

4884 The management reported that a conference with officials of the Oregon State Medical Society confirms the fact that the original $6,000 presented by the Society to Oregon Physicians' Service in 1942 definitely was classified as a donation. It also was recommended that the current monthly payment by Oregon Physicians' Service for use of the Oregon Medical Society's personnel and equipment should continue at least until such time as adequate new arrangements might be consummated.

H. L. Kauffman reported concerning the situation in Lincoln County, and the Board of Directors informally instructed the management to confer with Dr. Kauffman and other interested parties in Lincoln County concerning the local situation.

Upon call from the President for consideration of unfinished business or new business, no additional business was presented.

The meeting adjourned in due form.

(Signed) Gordon B. Leitch, M. D.
Acting Secretary

Plaintiff's Exhibit 427

4885

OFFICE PHONE
646-J

GEORGE W. LEMERY
Physician & Surgeon
Beals Building
Tillamook, Oregon

January 14, 1946

Oregon Physicians' Service
Medical Dental Bldg.
Portland 5, Oregon

Dear Sirs:

At a meeting of the Tillamook County Medical Society it was proposed and unanimously agreed upon that the Oregon Physicians' Service be invited to enter this county for the purpose of writing pre-paid Medical Contracts.

I extend this invitation to you on behalf of the society.

Very truly yours,

(Signed) GEORGE W. LEMERY, M.D.
President Tillamook
County Medical Soc.

4886

January 18, 1946

Dr. George W. Lemery, President
Tillamook County Medical Society
Beals Building
Tillamook, Oregon

Dear Dr. Lemery:

This will acknowledge receipt of your letter of January 14, 1946 which states that the Tillamook County Medical Society has voted to invite Oregon Physicians' Service to write prepaid medical and hospital service contracts within Tillamook County. Naturally we are very pleased at this expression of confidence on the part of the members of your medical society. In accordance with the customary procedure, we shall institute in the very near future a systematic plan for contacting all prospective group accounts in the Tillamook area.

In view of the prospective addition of other types of contract coverage to the O. P. S. program in the near

future, we should greatly appreciate the opportunity of meeting with the Tillamook County Medical Society at some date convenient from your standpoint. If such a meeting could be arranged at some convenient time, please advise us as to a proposed date.

Kind regards.

Sincerely yours,

OREGON PHYSICIANS' SERVICE

General Manager

WCM:LR

COPY

Plaintiff's Exhibit 428

4887

OREGON PHYSICIANS' SERVICE

Special Meeting of Class A Stockholders
and/or
Voting Trustees

Portland, Oregon
March 2, 1946

The meeting was held at 2:00 P.M. at the Portland Office of Oregon Physicians' Service, 471 Pittock Block, and was called to order by the President, D. R. Ross.

Class A Stockholders and/or Voting Trustees present were as follows: D. R. Ross, J. P. Brennan, Gordon B. Leitch, L. M. Spalding and Henry Garnjobst. Administrative personnel of Oregon Physicians' Service also were present. Proxies received from Roderic Belknap, C. I. Drummond and J. D. Rankin were duly presented and recorded.

Inasmuch as the Secretary was not in attendance at this meeting, Gordon B. Leitch was named Acting Secretary by motion duly carried.

Due notice of the Special Meeting of Class A Stockholders and/or Voting Trustees was presented and recorded.

Minutes of the Annual Meeting of Class A Stockholders and/or Voting Trustees of October 6, 1945 were read and approved as read.

A communication from the Oregon State Medical Society was read to the effect that Dr. Max W. Hemingway of Bend has been nominated by the Council of said Society as

a Class A Stockholder and/or Voting Trustee of Oregon Physicians' Service to fill the vacancy caused by the death of Thompson Coberth of The Dalles. A motion was duly made and unanimously carried that Max W. Hemingway of Bend shall be elected as a Class A Stockholder and/or Voting Trustee of Oregon Physicians' Service to fill the vacancy caused by the death of Thompson Coberth of The Dalles.

4888 The Financial Statements of December 31, 1945 were reviewed by W. A. Sundberg, Chief Accountant of Oregon Physicians' Service. After discussion a motion was carried that the Financial Statements of December 31, 1945 shall be approved and ordered filed.

Upon call from the President for consideration of any unfinished business or new business, no additional business was presented.

The meeting adjourned in due form.

(Signed) C. I. DRUMMOND
Secretary

Plaintiff's Exhibit 430

4889 OREGON PHYSICIANS' SERVICE

Meeting of Board of Directors

Portland, Oregon
April 6, 1946

The meeting was held at 6:00 P.M. at the Benson Hotel in Portland, and was called to order by the President, D. R. Ross.

Directors present were: D. R. Ross, J. P. Brennan, C. I. Drummond, Gordon B. Leitch and L. M. Spalding. John A. Hardiman, President of the Lincoln County Medical Society, was present by special invitation. Oregon Physicians' Service administrative personnel present were Joseph E. Harvey, Jr. and W. C. Marshall.

Due notice of meeting was read and ordered filed.

Minutes of the Board of Directors Meeting of March 2, 1946 were read and were approved as read.

A report was given concerning progress of the Veterans Program currently in effect by virtue of the contract entered into with the Veterans Administration effective April 1, 1946. It was pointed out that numerous conferences have

been held with involved Veterans Administration officials and that an information bulletin had been sent to each O. P. S. cooperating physician during the latter part of March. A statement was made that the Oregon Association of Hospitals had entered into a hospitalization contract with the Veterans Administration, with effective date of May 1, 1946, and it was agreed informally that all logical cooperation be given by O. P. S. to the Oregon Association of Hospitals in connection with the operation of the Veterans Program in Oregon.

A report was made to the effect that the Family Coverage Program has been inaugurated in those counties wherein authorization had been received from the involved county medical societies. Mailings concerning the Family Coverage Program have been sent to all O. P. S. employe groups in those counties for which approval
4890 of the program has been received. Several family coverage contracts have been executed to date, and extensive interest has been expressed by a large number of the groups contacted.

John A. Hardiman, President of the Lincoln County Medical Society, reviewed the current medical contract picture now existing in Lincoln County. After discussion a motion was carried that Oregon Physicians' Service shall follow whatever course of action may be requested formally by the Lincoln County Medical Society, as applied to said county. Upon receipt of official notification of any formal action taken by the Lincoln County Medical Society, Oregon Physicians' Service shall modify its activities in Lincoln County at the earliest practicable time such as to meet as nearly as possible the wishes of said Society.

After discussion a motion was carried that the fee for administration of a smallpox vaccination shall be placed at one dollar for all O. P. S. employe group or family coverage cases.

A letter from the Clatsop County Medical Society dated March 11, 1946 was read to the effect that said Society has registered a strong objection to the writing by O. P S. of a contract with the Columbia River Bar Pilots Association. After discussion a motion was carried that the communication from the Clatsop County Medical Society be duly acknowledged and that said Society be informed that this contract will in no event be renewed by Oregon Physicians' Service after expiration of its current effective period unless and until the Clatsop County Medical

Society might express in advance its desire that such contract be continued.

Upon call from the President for consideration of unfinished business or new business, no additional business was presented.

The meeting adjourned in due form.

(Signed) L M SPALDING
Acting Secretary

Plaintiff's Exhibit 431

4891 OREGON PHYSICIANS' SERVICE

Meeting of Board of Directors

Portland, Oregon
May 4, 1946

The meeting was held at 2:00 P.M. at the Portland Office of Oregon Physicians' Service, 471 Pittock Block, and was called to order by the President, D. R. Ross.

Directors present were: D. R. Ross, J. P. Brennan, Gordon B. Leitch and L. M. Spalding. Oregon Physicians' Service administrative personnel present were: Kenneth G. Manning, Joseph E. Harvey, Jr., A. W. Knox and W. C. Marshall.

Due notice of meeting was read and ordered filed.

In the absence of the Secretary, a motion was duly carried that L. M. Spalding be named Acting Secretary for this meeting.

Minutes of the Board of Directors Meeting of April 6, 1946 were read and were approved as read.

Mr. Phil Berthiaume and Mr. George C. Spencer, representatives of the Bankers Life Company of Des Moines, Iowa, presented a proposal whereby cooperating physicians of Oregon Physicians' Service could obtain group term life insurance policies of the convertible type from said company through the method of authorizing Oregon Physicians' Service to make payment of the involved premiums through regular deductions from medical fee payments. After full consideration a motion was carried unanimously that this proposal be rejected.

Mr. John Simon and Mr. William Phipps, of the Simon and Smith Advertising Agency, outlined a complete publicity program for Oregon Physicians' Service. After full consideration a motion was carried unanimously that the publicity program as outlined shall be authorized for a

period of two months and that immediately after the expiration of said period the program shall be reviewed fully before any possible continuation thereof might
4892 be considered.

After discussion a motion was carried unanimously that the action of the management in presenting an application to the Council on Medical Service and Public Relations of the American Medical Association for the rendering of approval by said Council to Oregon Physicians' Service shall be approved.

After consideration a motion was carried unanimously that Oregon Physicians' Service shall make formal application to the Associated Medical Care Plans, Inc. for the participation of Oregon Physicians' Service as a full charter member of Associated Medical Care Plans, Inc.

Recent actions of the Multnomah County Supervisory Committee as stated in the Minutes of said Committee for the Meeting held on April 22, 1946 were approved by motion carried with the result that all proposals stated in said Minutes shall be placed in effect at the earliest practicable time.

After consideration of logical future levels of subscriber benefits and/or dues, a motion was carried that all new employe group contracts shall be written at the rate of $3.00 per month per subscriber, and/or the proportionate equivalent rate for weekly payments, beginning with June 1, 1946 and that all presently held employe group contracts shall be renewed at this increased level of dues upon the expiration of their currently effective period. Previous action in ordering the inclusion of re-negotiation clauses in all employe group contracts was confirmed by motion duly carried.

Full consideration was given to a letter dated April 22, 1946 from John A. Hardiman, President of the Lincoln County Medical Society. A motion was carried unanimously that two members of the Board of Directors and the General Manager shall make a trip to Lincoln County very shortly for the purpose of contacting all physicians in said county and of investigating the existing situation in general. Subsequently a report shall be made to the Board of Directors by said investigating committee, whereupon appropriate action may be taken at a future meeting of the Board of Directors.

4893 A letter dated April 3, 1946 from the Multnomah County Medical Society was read as follows:

"Dr. C. I. Drummond, Secretary
Oregon Physicians' Service
471 Pittock Block
Portland 5, Oregon

Dear Doctor Drummond:

This letter is to inform the Board of Directors of the Oregon Physicians' Service that the Council of the Multnomah County Medical Society, at its meeting on April 2, 1946, adopted the recommendation of its Supervisory Committee of the Oregon Physicians' Service that the following principle be used in establishing specialty panels:

'Any O. P. S. cooperating physician and surgeon who limits his practice to a specialty field recognized by the American Medical Association, and is so listed in the American Medical Association Directory, may, upon request, be listed as a specialist on the O.P.S. published list of cooperating physicians and surgeons.'

Very sincerely yours,

MULTNOMAH COUNTY
MEDICAL SOCIETY

By Martin F. Gilmore (signed)"
Secretary

A motion was duly carried, with one dissenting vote, that the recommendations of the Multnomah County Medical Society, regarding the list of specialists, as stated hereinabove, shall be placed in effect at the earliest practicable time and that it shall be recommended to the Multnomah County Medical Society that the Supervisory Committee of said Society should consider and act promptly upon any possible infractions on accepted professional procedure resulting from the installation of such specialty listings. The communication from the Multnomah County Medical Society is included in this minute book next hereto.

It was reported by the management that operation of the contract held by Oregon Physicians' Service with the Veterans Administration has not progressed in the manner heretofore contemplated for the chief reason that requests for authorization of services in the Portland and Roseburg areas have been rejected uniformly by the Chief Medical Officer of this district. A letter addressed by the management of Oregon Physicians' Service under date of

May 2, 1946 to Col. J. C. Harding, Acting Director,
4894 Out-Patient Service, Veterans' Administration, Washington, D. C., pointing out the current deficiencies of the program in Oregon was read and the management's action in sending this letter was approved by motion duly carried. A copy of this letter is attached to this minute book next hereto. It was agreed informally that every logical effort should be given to the immediate clarification of relationships between Oregon Physicians' Service and the Veterans Administration with reference to the operation of the service contract now in effect.

A letter dated May 1, 1946 from Seth B. Thompson, Insurance Commissioner of the State of Oregon, was read to the effect that all demands resulting from the Report of Examination of Oregon Physicians' Service made as of June 30, 1945 have been fully met. A motion was carried that this communication from the State Insurance Commissioner shall be accepted and duly filed.

Consideration was given to the current salary levels of Oregon Physicians' Service administrative personnel as compared to those existing at the start of O. P. S. operations in 1942. A motion was duly carried that because of the exigencies of the current reconversion period no general salary increases shall be promulgated at this time but that the management shall continue to be authorized to make individual salary adjustments as may be expedient and that the entire matter of salary levels shall be brought to the attention of the Board of Directors for reconsideration as of January 1, 1947.

Upon call from the President for consideration of unfinished business or new business, no additional business was presented.

The meeting adjourned in due form.

(Signed) C. I. Drummond M. D.
Secretary